

Policy on Know Your Customer (KYC) and Anti - Money Laundering (AML) Measures

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Introduction

The National Housing Bank (NHB) Guidelines issued on 'Know Your Customer' (KYC) and 'Anti-Money Laundering Measures' standards wherein the Housing Finance Companies (HFCs) are advised to follow certain customer identification procedure and monitoring of transactions and reporting to the appropriate authority. Pursuant to NHB Guidelines No. NHB/ND/DRS/Policy Circular No. 94/2018-19 dated March 11, 2019, Prevention of Money Laundering Act, 2002 (PMLA) Prevention of Money Laundering (Maintenance of Records) Rules, 2005 and the Foreign Contribution (Regulation) Act, 2010, the Board of Directors of Reliance Home Finance Limited (the "Company") has approved and adopted the "Know Your Customer (KYC) & Anti-Money Laundering Measures Policy".

The Company will adopt all the best practices as prescribed by NHB from time to time and will make appropriate modifications, if any, necessary to this Policy to conform to the standards so prescribed. This Policy is applicable across all branches / business segments of the Company and is to be read in conjunction with related operational guidelines issued from time to time. The contents of the Policy will always be read in tandem / auto-corrected with the changes / modifications which will be advised by NHB from time to time.

"Act" and "Rules" means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively, and amendments thereto;

Objective

The objective of KYC Policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities. KYC procedures also enable the Company to know / understand their customers and their financial dealings better which in turn help them manage their risks prudently. The Company will inform the customer about the KYC provision while opening the account. The Company hereunder framing KYC Policy incorporating the following four key elements:

- i) Customer Acceptance Policy (CAP);
- ii) Risk Management;
- iii) Customer Identification Procedures (CIP); and
- iv) Monitoring of Transactions.

Appointment of Designated Director

The Company has designated its Executive Director & CEO as "**Designated Director**" for the purpose of compliance under the NHB Guidelines. Designated Director is located at the Company's registered office and will ensure overall compliance with obligations as prescribed under chapter IV of the Act.

"**Designated Director**" means a "Designated Director" as defined under Rule 2(ba) of the Rules.

Appointment of Compliance / Principal Officer

The Company has a Senior Management officer designated as Principal Officer. Principal Officer is located at our registered office and will be responsible for ensuring compliance, monitoring transactions and reporting and sharing of information as required under the law / regulations.

“**Principal Officer**” means “Principal Officer” as defined under Rule 2 (f) of the Rules.

“**Senior Management**” shall mean officers / personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise all members of Management one level below the Chief Executive Officer / Managing Director / Whole-Time Director / Manager (including Chief Executive Officer / Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

Compliance of KYC Policy

The Company's Board of Directors and the Senior Management team are responsible for implementing the KYC norms hereinafter detailed, and also to ensure that its operations reflect its initiatives to prevent money laundering activities.

The Company's compliance and internal audit functions shall have an important role in evaluating and ensuring adherence to the KYC Policy and procedures. The compliance function shall provide an independent evaluation of the Company's own policies and procedures including legal and regulatory requirements.

Concurrent / Internal Auditors shall specifically check and verify the application of KYC procedures at the branches and comment on the lapses observed in this regard. The compliance in this regard will be put up before the Audit Committee of the Board at quarterly intervals. The Company's Senior Management will ensure that there is proper system of fixing accountability for serious lapses and intentional circumvention of prescribed procedures and guidelines. The Company will ensure that decision making functions of determining compliance with KYC norms are not outsourced.

Customer Acceptance Policy (CAP)

The Customer Acceptance Policy is developed laying down criteria for acceptance of the customers. The Customer Acceptance Policy shall ensure that guidelines are in place on the following aspects of customer relationship in the Company:

- a. The Company shall not open any account in anonymous or fictitious / benami name(s).
- b. The Company shall not open any account where unable to apply appropriate Customer Due Diligence (CDD) measures, either due to non-cooperation of the customer or non-reliability of the documents / information furnished by the customer.

- c. Transaction or account-based relationship is undertaken with following the proper CDD.
- d. The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.
- e. Optional / additional information is obtained with the explicit consent of the customer after the account is opened.
- f. CDD procedure is to be followed for all the joint account holders, while opening a joint account.
- g. If an existing KYC compliant customer desires to open another account, there shall be no need for a fresh CDD exercise.
- h. Circumstance in which, a customer is permitted to act on behalf of another person / entity is to be clearly mentioned.
- i. The Company should place suitable system to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists issued by UN Security Council circulated by NHB and / or the Reserve Bank of India (RBI) from time to time.

The Company will ensure that the adoption of CAP and its implementation should not result in denial of services to general public, especially to those, who are financially or socially disadvantaged.

Risk Management

The Board of Directors of the Company will ensure that an effective KYC programme is put in place by establishing appropriate procedures and ensuring their effective implementation. It will cover proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility would be explicitly allocated within the Company for ensuring that the Company's policies and procedures are implemented effectively. The Company shall, in consultation with the Board, devise procedures for creating Risk Profiles of their existing and new customers and apply various Anti Money Laundering measures keeping in view the risks involved in a transaction, account or business relationship.

The Company shall have a risk based approach which includes the following:

- a) Customer shall be categorized as low, medium and high risk category based on the assessment and risk perception of the Company.
- b) The customer risk categorization shall be undertaken based on parameters such as customer's identity, social / financial status, nature of business activity, information about his clients' business and their location, etc. While considering customers identity, the ability to conform identity documents through online or other service offered by issuing authorities.

The Company shall adopt Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT) standards while undertaking the risk assessment of the customer / accounts

Customer Identification Procedure (CIP)

The Customer identification means undertaking the process of CDD i.e. identifying the customer and verifying her / his / its identity by using reliable, independent source documents, data or information while establishing a relationship. The Company will undertake identification of customers in the following cases:

- (a) Commencement of an account-based relationship with the customer.
- (b) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- (c) Selling third party products as agents, selling their own products and any other product for more than rupees fifty thousand.

For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, the Company also rely on CDD done by third party of the Company and will ensure the following conditions:

- a) Records or the information of the CDD carried out by the third party is obtained within two days from the third party or from the Central KYC Records Registry.
- b) Adequate steps are taken by the Company to satisfy that copies of identification data and other relevant documentation relating to the CDD requirements shall be made available from the third party upon request without delay.
- c) The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the Act.
- d) The third party shall not be based in a country or jurisdiction assessed as high risk.
- e) The Company has ultimate responsibility for CDD, including done by a third party and undertaking enhanced due diligence measures, as applicable.

“**Customer Identification**” means undertaking the process of CDD.

Customer Due Diligence (CDD)

The Company gets sufficient information necessary to establish, to their satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship with an individual or dealing with the individual who is beneficial owner, authorised signatory or the power of attorney holder related to any legal entity. The Company taking note of the provisions of the Circular. The Company will obtain the customer identification information as per the **Annexure - I** and **Annexure - II** while undertaking the account based relationship.

On-going Due Diligence / Monitoring of Transactions

“On-going Due Diligence” means regular monitoring of transaction(s) in account(s) to ensure that they are consistent with the customers' profile and their source of funds.

On-going monitoring is an essential elements of effective KYC procedure. The Company shall follow the effective control to reduce risk. The Company will identify the beneficial owner and take all reasonable steps to verify normal and reasonable activity of the customer. Identifying transactions that fall outside regular pattern of activity. The Company shall exercise ongoing due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the customer, his business and risk profile.

- a) The Company shall pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose.
- b) The Company shall put in place a system of annual review of risk categorization of accounts and the need for applying enhanced due diligence measures.
- c) For the purpose of risk categorization, individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, shall be categorized as low risk. Illustrative examples of low risk customers would be salaried employees whose salary structures are well defined, people belonging to lower economic strata of the society whose accounts show small balances and low turnover, Government departments & Government owned companies, regulators and statutory bodies, etc. In such cases, the policy shall require that only the basic requirements of verifying the identity and location of the customer are to be met.
- d) Customers that are likely to pose a higher than average risk to the Company shall be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile, etc. The Company shall apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear. Examples of customers requiring higher due diligence shall include:
 - non-resident customers;
 - high net worth individuals;
 - trusts, charities, NGOs and organizations receiving donations;
 - companies having close family shareholding or beneficial ownership;
 - firms with 'sleeping partners';
 - politically exposed persons (PEPs) of foreign origin;
 - non-face to face customers; and
 - those with dubious reputation as per public information available, etc.

“Customer Due Diligence (CDD)” means Client Due Diligence as defined under Rule 9 of the Rules and the amendments thereto.

“Periodic Updation” means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by NHB.

The Company shall carry out periodic KYC updation as under:

- i) At least once in every two years for high risk customers
 - ii) Once in every eight years for medium risk customers
 - iii) Once in every ten years for low risk customers
- a) The Company will follow the following procedure for periodic KYC updation:
- i) PAN verification from the verification facility available with the issuing authority.
 - ii) Authentication, of Aadhaar Number already available with the Company with the explicit consent of the customer in applicable cases.
 - iii) In case identification information available with Aadhaar does not contain current address an Officially Valid Document (OVD) containing current address may be obtained.
 - iv) Certified copy of OVD containing identity and address shall be obtained at the time of periodic updation from individuals except those who are categorized as 'low risk'. In case of low risk customers when there is no change in status with respect to their identities and addresses, a self certification to that effect shall be obtained.
 - v) In case of legal entities, The Company shall review the documents sought at the time of opening of account and obtain fresh certified copies.
- b) The Company shall not insist on physical presence of the customer for the purpose of furnishing OVD or furnishing consent for Aadhaar authentication unless there are sufficient reasons that physical presence of the account holder / holders is required to establish their bona-fides. Normally, OVD / Consent forwarded by the customer through mail / post, etc., shall be acceptable.
- c) The Company shall ensure to provide acknowledgment with date of having performed KYC updation.
- d) The time limits prescribed above would apply from the date of opening of the account / last verification of KYC.

“Authentication” means the process as defined under sub-section (c) of Section 2 of the Aadhaar Act;

“Certified Copy” - Obtaining a certified copy by the Company shall mean comparing the copy of OVD so produced by the client / customer with the original and recording the same on the copy of the authorised officer of the Company.

Monitoring of Transactions

Maintenance of records of transactions

- i) The Company will maintain proper records at branch and consolidated record for all the branches taken together at the registered office of the Company, of transactions (nature and value), in such form and for such period as specified under the Rule 3 of the Rules.
- ii) The Company will maintain all necessary information in respect of transactions prescribed under Rule 3 of the Rules, so as to permit reconstruction of individual transaction, including the following:
 - (a) nature of the transactions;
 - (b) amount of the transaction and the currency in which it was denominated;
 - (c) date on which the transaction was conducted; and
 - (d) parties to the transaction.
- iii) The Company should take appropriate steps to evolve a system for proper maintenance and preservation of information in a manner (in hard and soft copies) that allows information to be retrieved easily and quickly whenever required or requested by the competent authorities.

Furnishing of information to the Director, Financial Intelligence Unit – India (FIU-IND)

- (i) The Company will report information in the terms of the provision of the Rule 8 of the Rules and any amendments thereto from time to time. The Company will furnish to the Director FIU - IND, within such time and in such form, the information in respect of transaction referred under sub-rule (1) of Rule 3 of the Rules.
- (ii) A copy of information furnished will be retained by the Principal Officer for the purpose of official record.
- (iii) The reporting formats and comprehensive reporting format guide, prescribed / released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports shall be taken note of. The editable electronic utilities to file electronic Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR) which FIU-IND has placed on its website shall be made use of by the Company which are yet to install / adopt suitable technological tools for extracting CTR / STR from their live transaction data.

- (iv) The Company shall not put any restriction on operations in the accounts where an STR has been filed. The Company will maintain strict confidentiality of the fact of furnishing details of STR.
- (v) The Company has placed proper system, throwing alerts when the transactions are inconsistent with risk categorization and updated profile of the customers may be put in to use as a part of effective identification and reporting of suspicious transactions. As per provision, the Company has placed proper reporting mechanism to monitoring the timely furnishing information to the Director, FIU-IND.

“Cash Transactions” means Cash Transactions as defined under Rule 3 of the Rules.

“Suspicious Transaction” means “Suspicious Transaction” as defined under Rule 2(g) of the Rules.

“Transaction” means Transaction as defined under Rule 2(h) of the Rules.

Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

- (i) Under FATCA and CRS, the Company shall adhere to the provisions of Income Tax Rules 114F, 114G and 114H and determine whether they are a Reporting Financial Institution as defined in Income Tax Rule 114F and if so, shall take following steps for complying with the reporting requirements:
 - a) Register on the related e-filing portal of Income Tax Department as Reporting Financial Institutions at the link <https://incometaxindiaefiling.gov.in/> post login --> My Account Register as Reporting Financial Institution.
 - b) Submit online reports by using the digital signature of the 'Designated Director' by either uploading the Form 61B or 'NIL' report, for which, the schema prepared by Central Board of Direct Taxes (CBDT) shall be referred to.

Explanation – The Company shall refer to the spot reference rates published by Foreign Exchange Dealers' Association of India (FEDAI) on their website at <http://www.fedai.org.in/RevaluationRates.aspx> for carrying out the due diligence procedure for the purposes of identifying reportable accounts in terms of Rule 114H of Income Tax Rules.

- c) Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same as provided in Rule 114H of Income Tax Rules, 1962.
- d) Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules, 1962.

- e) Constitute a “High Level Monitoring Committee” under the Designated Director or any other equivalent functionary to ensure compliance.
 - f) Ensure compliance with updated instructions / rules / guidance notes / Press releases / issued on the subject by Central Board of Direct Taxes (CBDT) from time to time.
- (ii) In addition to the above, other United Nations Security Council Resolutions (UNSCRs) circulated by the Reserve Bank in respect of any other jurisdictions / entities from time to time shall also be taken note of

“**FATCA**” means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.

Other Measures

Secrecy Obligations and Sharing of Information

1. The Company shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the lender and customer.
2. While considering the requests for data / information from Government and other agencies, the Company shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in transactions.
3. An illustrative (but not exhaustive) list of suspicious transactions in housing / builder / project loans is furnished in **Annexure - III** for guidance of the Company.

Sharing KYC information with Central KYC Records Registry (CKYCR)

The Company will capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as required by the revised KYC templates prepared for ‘individuals’ and ‘Legal Entities’ as the case may be. Government of India has authorised the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015. The Company will upload the KYC data with CERSAI in respect of new individual accounts opened on or after November 1, 2016. The Company has in place a plan for uploading the KYC information / data in respect of existing individual accounts.

“**Central KYC Records Registry (CKYCR)**” means an entity defined under Rule 2(1)(aa) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.

“KYC Templates” means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.

Hiring of Employees and Employee training

- a) Adequate screening mechanism as an integral part of the Company personnel recruitment / hiring process.
- b) On-going employee training programme should be put in place so that the members of staff are adequately trained in KYC / AML Measures Policy. The focus of the training should be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff should be specially trained to handle issues arising from lack of customer education. Proper staffing of the audit function with persons adequately trained and well-versed in KYC / AML Measures policies of the Company, regulation and related issues should be ensured.

Selling Third party products

If the Company is acting as agents while selling third party products, it shall comply with the applicable laws / regulations, including system capabilities for capturing, generating and analyzing alerts for filing CTR/STR in respect of transactions relating to third party products with customers.

Adherence to Know Your Customer (KYC) Guidelines by the Company and persons authorized by the Company including brokers / agents, etc.

- a) Persons authorized by the Company for collecting deposits and / or selling loan related products, their brokers / agents or the like, shall be fully compliant with the KYC guidelines applicable to the Company.
- b) All information shall be made available to the National Housing Bank to verify the compliance with the KYC guidelines and accept full consequences of any violation by the persons authorised by the Company including brokers/ agents etc. who are operating on their behalf.

Combating Financing of Terrorism

- a) In terms of the Rules, suspicious transaction shall include inter-alia transactions which give rise to a reasonable ground of suspicion that these may involve financing of the activities relating to terrorism. The Company, therefore, shall develop suitable mechanism through appropriate policy framework for enhanced monitoring of accounts suspected of having terrorist links and swift identification of the transactions and making suitable reports to the Financial Intelligence Unit – India (FIU-IND) on priority.

- b) As and when list of individuals and entities, approved by Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs), is circulated by NHB / RBI, the Company shall ensure to update the consolidated list of individuals and entities as circulated by NHB / RBI . Further, the updated list of such individuals / entities shall be accessed from the United Nations website at <http://www.un.org/sc/committees/1267/consolist.shtml>.

The Company shall before opening any new account, ensure that the name/s of the proposed customer does not appear in the list. Further, the Company shall scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals / entities in the list shall be immediately be intimated to NHB and FIU-IND. KYC norms / AML standards / CFT measures have been prescribed to ensure that criminals are not allowed to misuse the financial channels. Adequate screening mechanism shall be put in place by the Company as an integral part of recruitment/hiring process of personnel.

General

The Company will ensure that the provisions of the Act and the Rules framed thereunder and the Foreign Contribution and Regulation Act, 1976, wherever applicable, are adhered to strictly.

Where the Company is unable to apply appropriate KYC measures due to non-furnishing of information and / or non-cooperation by the customer, the Company will consider closing the account or terminating the business relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decisions need to be taken at a reasonably senior level.

The Company will abide by all guidelines, directives, instructions and advices of National Housing Bank and will be in force from time to time. The contents in this document shall be read in conjunction with these guidelines, directives, instructions and advices. The Company will apply better practice so long as such practice does not conflict with or violate National Housing Bank regulations.

Customer Due Diligence (CDD) Procedure
Features to be verified and documents that will be obtained from customers

Customers / Clients	Documents required to be submitted (Certified Copy)
<p>Individuals Legal Name and any other names used / Correct permanent address for proof of residence of individuals.</p>	<p>(i) The Aadhaar number issued by the Unique Identification Authority of India containing details of identity and address.</p> <p><u>If Customer is desirous of receiving any benefits or subsidy under any scheme notified under Section 57 of the Aadhaar Act or Customer so desires, may provide the same out of his own desire <u>with consent.</u></u></p> <p>(ii) Permanent Account Number (PAN) or Form No. 60.</p> <p>Provided that if the client does not submit the Aadhaar, he / she shall submit one <u>certified true copy</u> of an 'Officially Valid Document' (OVD) containing details of his identity and address, one recent photograph and such other documents as required by the Company pertaining to the nature of business or financial status.</p> <p>Further, in case the OVD furnished by the customer does not contain updated address, the Company shall accept deemed OVD for the limited purpose of proof of address.</p>
<p>Companies / Legal Entities</p> <ul style="list-style-type: none"> - Name of the Company - Principal place of business - Mailing address of the Company - Telephone / Fax Number 	<p>Certified copies of the following documents: -</p> <ul style="list-style-type: none"> (i) Certificate of Incorporation; (ii) Certificate of Commencement of Business; (iii) Memorandum of Association and Articles of Association; (iv) A resolution from the board of directors and power of attorney granted to its managers, officers or employees to transact on its behalf; (v) One copy of an OVD containing details of identity and address, one recent photograph and PAN or Form No. 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf; and (vi) PAN card of the company.

Customers / Clients	Documents required to be submitted (Certified Copy)
<p>Partnership Firm</p> <ul style="list-style-type: none"> - Legal Name - Address - Names of all partners and their address - Telephone numbers of the firm and partners 	<p>Certified copies of the following documents: -</p> <ul style="list-style-type: none"> (i) Registration certificate; (ii) Permanent Account Number of the partnership firm; (iii) Partnership deed; and (iv) one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form No. 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.
<p>Trusts</p> <ul style="list-style-type: none"> - Name of trustees, settlers, beneficiaries and signatories - Name and address of the founder, the managers / directors and the beneficiaries Telephone / fax numbers 	<p>Certified copies of the following documents:</p> <ul style="list-style-type: none"> (i) Registration Certificate; (ii) Trust deed; (iii) one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form No. 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf; and (iv) Permanent Account Number or Form No. 60 of the trust
<p>Unincorporated Association or a Body of Individuals</p>	<p>Certified copies of the following documents:</p> <ul style="list-style-type: none"> (i) Resolution of the managing body of such association or body of individuals; (ii) Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals; (iii) Power of attorney granted to transact on its behalf; (iv) Such information as may be required by the reporting entity to collectively establish the legal existence of such an association or body of individuals; and (v) one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form No. 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf identification information as mentioned under. <p>Explanation: Unregistered trusts / partnership firms shall be included under the term 'unincorporated association' and the term 'body of individuals' includes societies.</p>

Customers / Clients	Documents required to be submitted (Certified Copy)
<p>Accounts of Sole Proprietary Firms / concerns</p> <p>Proof of the name, address and activity of the concern</p>	<p>Certified copy of OVD as applicable to the Individuals (i.e. of proprietor) shall be obtained.</p> <p>In addition to the above, any two of the following documents as a proof of business / activity in the name of the proprietary firm shall also be obtained:</p> <ul style="list-style-type: none"> (i) Registration certificate; (ii) Certificate / licence issued by the municipal authorities under Shop and Establishment Act; (iii) Sales Tax and Income tax returns; (iv) CST / VAT / GST certificate (provisional / final); (v) Certificate / registration document issued by Sales Tax / Service Tax / Professional Tax authorities; (vi) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT/Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute; (vii) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities; and (viii) Utility bills such as electricity, water, and landline telephone bills. <p>In cases where the Company is satisfied that it is not possible to furnish two such documents, it would have the discretion to accept only one of those documents as proof of business / activity.</p> <p>In such cases the Company, however would have to undertake contact point verification and collect such other information and clarification as would be required to establish the existence of such firm and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.</p>
<p>Accounts of Juridical persons (Government or its Departments, societies, universities and local bodies.</p>	<p>Certified copies of the following documents:</p> <ul style="list-style-type: none"> (i) Document showing name of the person authorized to act on behalf of the entity; (ii) Aadhaar / PAN / OVD for proof of identity and address in respect of the person holding an attorney to transact on its behalf; and (iii) Such documents as may be required by the Company to establish the legal existence of such an entity / juridical person.
<p>Identification of Beneficial Owner</p>	<p>For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps in terms of Rule 9(3) of the Rules to verify his/her identity shall be undertaken keeping in view the following:</p> <ul style="list-style-type: none"> (i) Where the customer or the owner of the controlling interest is a company

Customers / Clients	Documents required to be submitted (Certified Copy)
	<p>listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.</p> <p>(ii) In cases of trust / nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.</p>

Notes:

- i) **“Aadhaar number”** means an identification number as defined under sub-section (a) of Section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, henceforth the 'Aadhaar Act';

Explanation 1:

Obtaining a certified copy by the Company shall mean comparing the copy of OVD so produced by the client with the original and recording the same on the copy by the authorised officer of the Company.

Explanation 2:

The submission of Aadhaar by an individual as a KYC document in cases other than mentioned at (i) above cannot be insisted upon by the Company. However, the individual, if so desires, may provide the same out of his own volition. The Customers, at their option, shall submit one of the OVDs

Explanation 3:

Where the customer is submitting Aadhaar, the Company shall be guided by directions issued by Unique Identification Authority of India from time to time.

- ii) **“Officially Valid Document”** (OVD) means OVD as defined under Rule 2(1) (d) of the Rules and the amendments thereto. OVD is as follows the Passport, the Driving License, the Aadhaar (discretion of customers), the Permanent Account Number (PAN) card, the Voter's Identity Card issued by Election Commission of India, Job card issued by NREGA, any other document as notified by the Central Government in consultation with the regulator.
- iii) Deemed **‘Officially Valid Document’** means in case the OVD furnished by the customer does not contain updated address, the following documents shall deemed to be Officially Valid Documents (OVDs) for the limited purpose of proof of address.

- a) utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- b) property or Municipal tax receipt;
- c) pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address; and
- d) letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation.

Provided that in case the OVD submitted by a foreign national does not contain the details of address, in such case the documents issued by the government departments of foreign jurisdictions and letter issued by Foreign Embassy or Mission in India shall be accepted as proof.

Provided that the customer shall submit updated OVD with current address within a period of three months of submitting the deemed OVDs.

- iv) Provided that the customers, already having an account based relationship with the Company, then the customer shall submit the and PAN / Form No. 60 to the Company, failing which the account shall temporarily cease to be operational till the time PAN / Form No. 60 is submitted by the customers. Before temporarily ceasing operations for an account, the Company shall give the customer an accessible notice and reasonable opportunity heard.

Provided appropriate relaxation for continued operation of accounts of customers who are unable to provide Permanent Account Number or Form No. 60 owing to injury, illness or infirmity on account of old age or otherwise, and such like causes

Explanation:

For the purpose of this clause, "temporary ceasing of operations" in relation an account means the temporary suspension of all transactions or activities in relation to that account by the Company till such time the customer complies with the provisions of this clause.

In case of loan accounts such as loan accounts, for the purpose of ceasing the operation in the account, only credits shall be allowed.

If a customer having an existing account based relationship with the Company gives in writing to the company that he/she does not want to submit his / her Permanent Account Number or Form No. 60, as the case may be, the customer's account with the Company shall be closed and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer.

Beneficial Ownership

- a) where the client is a **company**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.

Explanation: For the purpose of this sub-clause

1. "Controlling ownership interest" means ownership of or entitlement to more than 25% of shares or capital or profits of the Company;
 2. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;
- b) where the client is a **partnership firm**, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of/entitlement to more than 15% of capital or profits of the partnership;
- c) where the client is an **unincorporated association or body of individuals**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has / have ownership of or entitlement to more than 15% of the property or capital or profits of the unincorporated association or body of individuals.

Explanation:

Term 'body of individuals' includes societies where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

- d) where the customer is a **trust**, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership; and

"Customer" means a 'person', as defined below under, who is engaged in a financial transaction or activity with a HFC and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

“Person” has the same meaning as defined in the Act and includes:

- (a) an individual;
- (b) a Hindu Undivided Family;
- (c) a company;
- (d) a firm;
- (e) an association of persons or a body of individuals, whether incorporated or not;
- (f) every artificial juridical person, not falling within any one of the above persons (a to e); and
- (g) any agency, office or branch owned or controlled by any of the above persons (a to f).

Customer Identification Requirements Enhanced Due Diligence Measures

Customer's accounts opened by Professional Intermediaries

The Company shall ensure while opening customer's accounts through professional intermediaries, that:

- a) The Customer shall be identified when client account is opened by a professional intermediary on behalf of a single client.
- b) The Company shall have option to hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds.
- c) The Company shall not open accounts of such professional intermediaries who are bound by any client confidentiality that prohibits disclosure of the client details to the Company
- d) All the beneficial owners shall be identified where funds held by the intermediaries are not co-mingled at the level of Company, and there are 'subaccounts', each of them attributable to a beneficial owner, or where such funds are co-mingled at the level of Company, the Company shall look for the beneficial owners.
- e) The Company shall, at their discretion, rely on the CDD done by an intermediary, provided that the intermediary is a regulated and supervised entity and has adequate systems in place to comply with the KYC requirements of the customers.
- f) The ultimate responsibility for knowing the customer lies with the Company.

Accounts of Politically Exposed Persons (PEPs)

Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g. Heads of States or of Governments, senior politicians, senior government / judicial / military officers, senior executives of state-owned corporations, important political party officials, etc.

The Company shall have the option of establishing a relationship with PEPs provided that:

- a) Sufficient information including information about the sources of funds accounts of family members and close relatives is gathered on the PEP;
- b) The identity of the person shall have been verified before accepting the PEP as a customer;
- c) The decision to open an account for a PEP is taken at a senior level in accordance with the Company Customer Acceptance Policy;
- d) All such accounts are subjected to enhanced monitoring on an on-going basis;
- e) In the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management's approval is obtained to continue the business relationship;

- f) The CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable;

These instructions shall also be applicable to accounts where a PEP is the beneficial owner.

Accounts of non-face-to-face customers

In the case of non-face-to-face customers, the Company shall ensure that the first payment is to be effected through the Customer's KYC – complied account, for enhanced due diligence of non-face-to-face customers.

"Non-face-to-face customers" means customers who open accounts without visiting the branch / offices of the Company or meeting the officials of the Company.

(A) Illustrative List of Suspicious Transactions pertaining to Individual:

1. Legal structure of client has been altered numerous times (name changes, transfer of ownership, change of corporate seat);
2. Unnecessarily complex client structure;
3. Individual or classes of transactions that take place outside the established business profile and expected activities/ transaction unclear;
4. Customer is reluctant to provide information, data, documents;
5. Submission of false documents, data, purpose of loan, details of accounts;
6. Refuses to furnish details of source of funds by which initial contribution is made, sources of funds is doubtful, etc.;
7. Reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons;
8. Approaches a branch / office, which is away from the customers' residential or business address provided in the loan application, when there is branch / office nearer to the given address;
9. Unable to explain or satisfy the numerous transfers in the statement of account / multiple accounts;
10. Initial contribution made through unrelated third party accounts without proper justification;
11. Availing a top up loan and/ or equity loan, without proper justification of the end use of the loan amount;
12. Suggesting dubious means for the sanction of loans;
13. Where transactions do not make economic sense;
14. Unusual financial transactions with unknown source;
15. Payments received from un-associated or unknown third parties and payments for fees in cash where this would not be a typical method of payment;
16. There are reasonable doubts over the real beneficiary of the loan and the flat to be purchased;
17. Encashment of loan amount by opening a fictitious bank account;
18. Applying for a loan knowing fully well that the property/dwelling unit to be financed has been funded earlier and that the same is outstanding;
19. Sale consideration stated in the agreement for sale is abnormally higher / lower than what is prevailing in the area of purchase;
20. Multiple funding of the same property/ dwelling unit;
21. Request for payment made in favour of a third party who has no relation to the transaction;
22. Usage of loan amount by the customer in connivance with the vendor / builder / developer / broker / agent etc., and using the same for a purpose other than what has been stipulated;
23. Multiple funding / financing involving NGO / Charitable Organisation / Small / Medium;
24. Establishments (SMEs) / Self Help Groups (SHGs) / Micro Finance Groups (MFGs)
25. Frequent request for change of address;
26. Overpayment of installments with a request to refund the overpaid amount;
27. Investment in real estate at a higher/ lower price than expected;
28. Clients incorporated in countries that permit bearer shares;

(B) Illustrative list of suspicious transactions pertaining to Builder / Project / Corporate Clients:

1. Builder approaching the Company for a small loan compared to the total cost of the project;
2. Builder is unable to explain the sources of funding for the project;
3. Approvals / sanctions from various authorities are proved to be fake or if it appears that client does not wish to obtain necessary governmental approvals / filings, etc.;
4. Management appears to be acting according to instructions of unknown or inappropriate person(s);
5. Employee numbers or structure out of keeping with size or nature of the business (for instance the turnover of a company is unreasonably high considering the number of employees and assets used);
6. Clients with multijurisdictional operations that do not have adequate centralised corporate oversight;
7. Advice on the setting up of legal arrangements, which may be used to obscure ownership or real economic purpose (including setting up of trusts, companies or change of name/ corporate seat or other complex group structures);
8. Entities with a high level of transactions in cash or readily transferable assets, among which illegitimate funds could be obscured;