

A.P.G.V.B. - Know Your Customer (KYC) Policy

In terms of the provisions of Prevention of Money-Laundering Act, 2002, the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time by the Government of India and Aadhaar and other Laws (amendment) Ordinance, 2019 as notified by the Government of India, Regulated Entities (REs) are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions. REs shall take steps to implement the provisions of the aforementioned Act, Rules and Ordinance, including operational instructions issued in pursuance of such amendment(s).

2. Accordingly, in exercise of the powers conferred by Sections 35A of the Banking Regulation Act, 1949, the Banking Regulation Act (AACS), 1949, read with Section 56 of the Act *ibid*, Rule 9(14) of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, has issued the **Master Direction - Know Your Customer (KYC) Direction, 2016** vide their circular No. RBI/DBR/2015-16/18 Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dt. February 25, 2016 (Updated as on May 29, 2019).
3. In the above backdrop, it is necessitated by the Bank to update the KYC policy adopted by it, and the revised policy is framed as under:

CHAPTER –I PRELIMINARY

1. Short Title and Commencement.

- (a) These guidelines shall be called the Andhra Pradesh Grameena Vikas Bank – Know Your Customer Policy guidelines.
- (b) These guidelines shall take immediate effect from the date of approval by the Bank's Board.

2. Applicability

- (a) These guidelines shall apply to all branches and offices of the Bank without exception.

3. Definitions

In these guidelines, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below:

(a) Terms bearing meaning assigned in terms of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005:

i. Aadhaar number", as defined in the Aadhaar and Other Law (Amendment) Ordinance, 2019, means an identification number issued to an individual under sub-section (3) of section 3 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016), and includes any alternative virtual identity generated under sub-section (4) of that section.

ii. "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.

iii. "Authentication", in the context of Aadhaar authentication, means the process as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.

iv. Beneficial Owner (BO)

a. Where the **customer is a company**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical persons, has/have a controlling ownership interest or who exercise control through other means.

Explanation- For the purpose of this sub-clause-

1. "Controlling ownership interest" means ownership of/entitlement to more than 25 per cent of the 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 **customer 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/have ownership of/entitlement to more than 15 per cent of capital or profits of the partnership.
- c. Where the customer **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/entitlement to more than 15 per cent 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), (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.
- v. "Certified Copy of OVD" - Obtaining a certified copy shall mean comparing the copy of officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the branch/office.

Provided that in case of Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs), as defined in Foreign Exchange Management (Deposit) Regulations, 2016 {FEMA 5(R)}, alternatively, the original certified copy of OVD, certified by any one of the following, may be obtained:

- Notary Public abroad,
- Court Magistrate,
- Judge,
- Indian Embassy/Consulate General in the country where the non-resident customer resides.

- vi. "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.
- vii. "Designated Director" means a person designated by the Bank to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and Chairman of our Bank shall be the designated director, with due authorization of Board of Directors.
- viii. "Non-profit organisations" (NPO) means any entity or organisation that is registered as a trust or a society under the Societies Registration Act, 1860 or any similar State legislation or a company registered under Section 8 of the Companies Act, 2013.
- ix. "Officially Valid Document" (OVD) means the passport, the driving licence, proof of possession of Aadhaar number, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address. Provided that,
 - a. where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.
 - b. where the OVD furnished by the customer does not have updated address, the following documents shall be deemed to be OVDs for the limited purpose of proof of address:-
 - i. utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
 - ii. property or Municipal tax receipt;
 - iii. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
 - iv. 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 licence

agreements with such employers allotting official accommodation;

- c. the customer shall submit OVD with current address within a period of three months of submitting the documents specified at 'b' above
- d. Where the OVD presented 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 the Foreign Embassy or Mission in India shall be accepted as proof of address.

Explanation: For the purpose of this clause, a document shall be deemed to be an OVD even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Government or Gazette notification, indicating such a change of name.

- x. "Offline Verification", as defined in the Aadhaar and Other Law (Amendment) Ordinance, 2019, means the process of verifying the identity of the Aadhaar number holder without authentication, through such offline modes as may be specified by the Aadhaar regulations.
- xi. "Person" has the same meaning assigned 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).
- xii. "Principal Officer" means an officer nominated by the Bank, responsible for furnishing information as per rule 8 of the Rules.
- xiii. "Suspicious transaction" means a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith:
 - a. gives rise to a reasonable ground of suspicion that it may involve

proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or

- b. appears to be made in circumstances of unusual or unjustified complexity; or
- c. appears to not have economic rationale or *bona-fide* purpose; or
- d. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Explanation: Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organization or those who finance or are attempting to finance terrorism.

- xiv. A 'Small Account' means a savings account which is opened in terms of sub- rule (5) of the PML Rules, 2005. Details of the operation of a small account and controls to be exercised for such account are specified in Section 23.
- xv. "Transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:
 - a. opening of an account;
 - b. deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;
 - c. the use of a safety deposit box or any other form of safe deposit;
 - d. entering into any fiduciary relationship;
 - e. any payment made or received, in whole or in part, for any contractual or other legal obligation; or
 - f. establishing or creating a legal person or legal arrangement.

(b) Terms bearing meaning assigned in this guidelines, unless the context otherwise requires, shall bear the meanings assigned to them below:

- i. "Common Reporting Standards" (CRS) means reporting standards set for implementation of multilateral agreement signed to automatically exchange information based on Article 6 of the Convention on Mutual Administrative

Assistance in Tax Matters.

- ii. “Customer” means a person who is engaged in a financial transaction or activity with the Bank’s branch/office and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
- iii. “Walk-in Customer” means a person who does not have an account-based relationship with the Bank’s branch/office, but undertakes transactions with the Bank’s branch/office.
- iv. “Customer Due Diligence (CDD)” means identifying and verifying the customer and the beneficial owner.
- v. “Customer identification” means undertaking the process of CDD.
- vi. “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.
- vii. “IGA” means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA.
- viii. “KYC Templates” means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.
- ix. “Non-face-to-face customers” means customers who open accounts without visiting the branch/offices of the Bank’s branches/offices or meeting the officials of Bank’s branches/offices.
- x. “On-going Due Diligence” means regular monitoring of transactions in accounts to ensure that they are consistent with the customers’ profile and source of funds.
- xi. “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 the Reserve Bank.
- xii. “Politically Exposed Persons” (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of

States/Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.

- xiii. "Regulated Entities" (REs) means
- a. all Scheduled Commercial Banks (SCBs)/ Regional Rural Banks (RRBs)/ Local Area Banks (LABs)/ All Primary (Urban) Co-operative Banks (UCBs) /State and Central Co-operative Banks (StCBs / CCBs) and any other entity which has been licenced under Section 22 of Banking Regulation Act, 1949, which as a group shall be referred as 'banks'
 - b. All India Financial Institutions (AIFIs)
 - c. All Non-Banking Finance Companies (NBFCs), Miscellaneous Non-Banking Companies (MNBCs) and Residuary Non-Banking Companies (RNBCs).
 - d. All Payment System Providers (PSPs)/ System Participants (SPs) and Prepaid Payment Instrument Issuers (PPI Issuers)
 - e. All authorised persons (APs) including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.
- xiv. "Shell bank" means a bank which is incorporated in a country where it has no physical presence and is unaffiliated to any regulated financial group.
- xv. "Wire transfer" means a transaction carried out, directly or through a chain of transfers, on behalf of an originator person (both natural and legal) through a bank by electronic means with a view to making an amount of money available to a beneficiary person at a bank.
- xvi. "Domestic and cross-border wire transfer": When the originator bank and the beneficiary bank is the same person or different person located in the same country, such a transaction is a domestic wire transfer, and if the 'originator bank' or 'beneficiary bank' is located in different countries such a transaction is cross-border wire transfer.
- (c) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1935, the Prevention of Money Laundering Act, 2002, the Prevention of Money Laundering (Maintenance of

Records) Rules, 2005, the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and regulations made thereunder and 'Aadhaar and other Laws (amendment) Ordinance, 2019', any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

CHAPTER – II

General

4. There shall be a Know Your Customer (KYC) policy duly approved by the Board of Directors of the Bank or any committee of the Board to which power has been delegated.
5. The KYC policy shall include following four key elements:
 - (a) Customer Acceptance Policy;
 - (b) Risk Management;
 - (c) Customer Identification Procedures (CIP); and
 - (d) Monitoring of Transactions
6. **Designated Director:**
 - (a) A "Designated Director" means a person designated by the Bank to ensure overall compliance with the obligations imposed under Chapter IV of the PML Act and the Rules and shall be nominated by the Board.
 - (b) The name, designation and address of the Designated Director shall be communicated to the FIU-IND.
 - (c) In no case, the Principal Officer shall be nominated as the 'Designated Director'.
 - (d) In our Bank, Chairman of the bank will be nominated as 'Designated Director' with Board approval.
7. **Principal Officer:**
 - (a) The Chief Manager (P&D) shall be the Principal Officer for KYC/AML/CFT matters who shall be responsible for implementation of and compliance with this policy.
 - (b) The Principal Officer shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as

required under the law/regulations. His illustrative duties, in this regard, will be as follows:-

- Overall monitoring of the implementation of the Bank's KYC/AML/CFT policy.
- Monitoring and reporting of transactions, and sharing of information, as required under the law.
- Interaction with Branch Manager/Regional Manager and other concerned officials for ensuring full compliance with the Policy.
- Timely submission of Cash Transaction Reports (CTRs), Suspicious Transaction Reports (STRs), Counterfeit Currency Reports (CCRs) and Non-Profit Organization Transaction Report (NTRs) to FIU-IND.
- Maintaining liaison with the law enforcement agencies, banks and other institutions which are involved in the fight against money laundering and combating financing of terrorism.
- Ensuring submission of periodical reports to the Top Management/Board.

b.i. The Principal Officer may delegate the function of filing STRs/CTRs/CCRs/NTRs to FIU-IND to one or more Alternate Principal Officers who shall not be below the grade of Chief Manager at Head Office.

b.ii. To support discharge of responsibilities in an effective manner following officials have been nominated as Money Laundering Reporting Officers and these officials will be responsible for discharge of KYC/AML/CFT related role responsibility at Head Office viz. – 1. Chief Manager (Credit) 2. Chief Manager (IT) 3. Chief Manager (Accounts), 4. Chief Manager - LCPC. They should support the Principal Officer i.e. Chief Manager (P&D). The Principal Officer has the authority to delegate his duties/part of duties to any of the above Chief Managers at Head Office.

b.iii. The Regional Managers will identify one officer at Regional office level, who will be responsible for ensuring compliance with KYC/AML/CFT guidelines in the respective branch/office and reporting compliance to the

Principal Officer at Head Office.

- (c) The name, designation and address of the Principal Officer shall be communicated to the FIU-IND.

8. Compliance of KYC policy

- (a) Bank shall ensure compliance with KYC Policy through:
- (i) Specifying as to who constitute 'Senior Management' for the purpose of KYC compliance.
 - (ii) Allocation of responsibility for effective implementation of policies and procedures.
 - (iii) Independent evaluation of the compliance functions of Banks' policies and procedures, including legal and regulatory requirements.
 - (iv) Concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures.
 - (v) Submission of quarterly audit notes and compliance to the Audit Committee.
- (b) Bank shall ensure that decision-making functions of determining compliance with KYC norms are not outsourced.

CHAPTER – III

Customer Acceptance Policy

- 9.** Bank shall frame a Customer Acceptance Policy.
- 10.** Without prejudice to the generality of the aspect that Customer Acceptance Policy may contain, Bank shall ensure that:
- (a) No account is opened in anonymous or fictitious/benami name.
 - (b) No account is opened where the Bank is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.
 - (c) No transaction or account-based relationship is undertaken without following the CDD procedure.
 - (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) Bank shall apply the CDD procedure at the UCIC level (Unique Customer identification code). Thus, if an existing KYC compliant customer of the Bank desires to open another account with us, there shall be no need for a fresh CDD exercise.
 - (g) CDD Procedure is followed for all the joint account holders, while opening a joint account.
 - (h) Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
 - (i) Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists circulated by Reserve Bank of India.
11. Customer Acceptance Policy shall not result in denial of banking/financial facility to members of the general public, especially those, who are financially or socially disadvantaged.

CHAPTER – IV

Risk Management

12. For Risk Management, Bank has a risk based approach which includes the following.
- (a) Customers shall be categorised as low, medium and high risk category, based on the assessment and risk perception of the Bank.
 - (b) Risk categorisation shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.

Provided that various other information collected from different categories of customers relating to the perceived risk, is non-intrusive and the same is specified in the KYC policy.

Explanation: FATF Public Statement, the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), guidance note circulated

to all cooperative banks by the RBI etc., may also be used in risk assessment.

Chapter V

Customer Identification Procedure (CIP)

- 13.** Bank branches/offices shall undertake identification of customers in the following cases:
- (a) Commencement of an account-based relationship with the customer.
 - (b) Carrying out any international money transfer operations for a person who is not an account holder of the bank.
 - (c) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
 - (d) Selling third party products as agents, selling their own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for more than rupees fifty thousand.
 - (e) Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.
 - (f) When a Bank's branch/office has reason to believe that a customer (account-based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.
 - (g) Bank's branches/offices shall note that introduction is not mandatory while opening accounts.
- 14.** For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, Bank's branches/offices, shall at their option, rely on customer due diligence done by a third party, subject to the following conditions:
- (a) Records or the information of the customer due diligence 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 Bank branches/offices to satisfy themselves that copies of identification data and other relevant documentation relating to the customer due diligence 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 PML Act.
- (d) The third party shall not be based in a country or jurisdiction assessed as high risk.
- (e) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the Bank.

Chapter VI

Customer Due Diligence (CDD) Procedure

Part I - Customer Due Diligence (CDD) Procedure in case of Individuals

15. For undertaking CDD, Bank branches/offices shall obtain the following from an individual while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal entity:

- (a) a certified copy of any OVD containing details of his identity and address
- (b) one recent photograph
- (c) the Permanent Account Number or Form No. 60 as defined in Income-tax Rules, 1962, and
- (d) such other documents pertaining to the nature of business or financial status specified by the REs in their KYC policy.

Provided that,

- i) **Banks** shall obtain the Aadhaar number from an individual who is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016). Banks, at receipt of the Aadhaar number from the customer may carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India upon receipt of the customer's declaration that he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other

Subsidies Benefits and Services) Act, 2016 (18 of 2016) in his account.

ii) **Bank** may carry out Aadhaar authentication/ offline-verification of an individual who voluntarily uses his Aadhaar number for identification purpose..

In cases where successful authentication has been carried out, other OVD and photograph need not be submitted by the customer.

Provided further that in case biometric e-KYC authentication cannot be performed for an individual desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 owing to injury, illness or infirmity on account of old age or otherwise, and similar causes, Bank branches/offices shall, apart from obtaining the Aadhaar number, perform identification preferably by carrying out offline verification or alternatively by obtaining the certified copy of any other OVD from the customer. CDD done in this manner shall invariably be carried out by an official of the Branch/Office and such exception handling shall also be a part of the concurrent audit as mandated in Section 8. Branches/Offices shall ensure to duly record the cases of exception handling in a centralised exception database. The database shall contain the details of grounds of granting exception, customer details, name of the designated official authorising the exception and additional details, if any. The database shall be subjected to periodic internal audit/inspection and shall be available for supervisory review.

Explanation 1: Bank shall, where its customer submits his Aadhaar number, ensure such customer to redact or blackout his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required under section 7 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act.

Explanation 2: Biometric based e-KYC authentication can be done by bank official/business correspondents/business facilitators.

Explanation 3: The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, the Aadhaar and Other Law (Amendment) Ordinance,

2019 and the regulations made thereunder.

16.Accounts opened using OTP based e-KYC, in non-face-to-face mode are subject to the following conditions:

- i. There must be a specific consent from the customer for authentication through OTP.
- ii. the aggregate balance of all the deposit accounts of the customer shall not exceed rupees one lakh. In case, the balance exceeds the threshold, the account shall cease to be operational, till CDD as mentioned at (v) below is complete.
- iii. the aggregate of all credits in a financial year, in all the deposit accounts taken together, shall not exceed rupees two lakh.
- iv. As regards borrowal accounts, only term loans shall be sanctioned. The aggregate amount of term loans sanctioned shall not exceed rupees sixty thousand in a year.
- v. Accounts, both deposit and borrowal, opened using OTP based e-KYC shall not be allowed for more than one year within which identification as per Section 16 is to be carried out.
- vi. If the CDD procedure as mentioned above is not completed within a year, in respect of deposit accounts, the same shall be closed immediately. In respect of borrowal accounts no further debits shall be allowed.
- vii. A declaration shall be obtained from the customer to the effect that no other account has been opened nor will be opened using OTP based KYC in non- face-to-face mode with any other Bank. Further, while uploading KYC information to CKYCR, branches/offices shall clearly indicate that such accounts are opened using OTP based e-KYC and other B a n k s shall not open accounts based on the KYC information of accounts opened with OTP based e-KYC procedure in non-face-to-face mode.
- viii. B r a n c h e s / o f f i c e s shall have strict monitoring procedures including systems to generate alerts in case of any non-compliance/violation, to ensure compliance with the above mentioned conditions.

23. In case an individual customer who does not possess any of the OVDs and desires to open a bank account, banks shall open a 'Small Account', which entails the following limitations:

- i. the aggregate of all credits in a financial year does not exceed rupees one lakh;
- ii. the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and
- iii. the balance at any point of time does not exceed rupees fifty thousand. Provided, that this limit on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements.

Further, small accounts are subject to the following conditions:

- (a) The bank shall obtain a self-attested photograph from the customer.
- (b) The designated officer of the bank certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence.
- (c) Such accounts are opened only at Core Banking Solution (CBS) linked branches or in a branch where it is possible to manually monitor and ensure that foreign remittances are not credited to the account.
- (d) Banks shall ensure that the stipulated monthly and annual limits on aggregate of transactions and balance requirements in such accounts are not breached, before a transaction is allowed to take place.
- (e) The account shall remain operational initially for a period of twelve months which can be extended for a further period of twelve months, provided the account holder applies and furnishes evidence of having applied for any of the OVDs during the first twelve months of the opening of the said account.
- (f) The entire relaxation provisions shall be reviewed after twenty four months.
- (g) The account shall be monitored and when there is suspicion of money laundering or financing of terrorism activities or other high risk scenarios, the identity of the customer shall be established through the production of an OVD and Permanent Account Number or Form No.60, as the case may be.
- (h) Foreign remittance shall not be allowed to be credited into the account

unless the identity of the customer is fully established through the production of an OVD and Permanent Account Number or Form No.60, as the case may be.

Part II - CDD Measures for Sole Proprietary firms

24. For opening an account in the name of a sole proprietary firm, CDD of the individual (proprietor) shall be carried out.

25. 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:

(a) Registration certificate

(b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.

(c) Sales and income tax returns.

(d) CST/VAT/ GST certificate (provisional/final).

(e) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.

(f) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.

(g) 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.

(h) Utility bills such as electricity, water, landline telephone bills, etc.

26. In cases where the branches/offices are satisfied that it is not possible to furnish two such documents, REs may, at their discretion, accept only one of those documents as proof of business/activity, **provided** Branches/Offices 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.

Part III- CDD Measures for Legal Entities

27.For opening an account of a company, certified copies of each of the following documents shall be obtained:

- (a) Certificate of incorporation
- (b) Memorandum and Articles of Association
- (c) Permanent Account Number of the company
- (d) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf
- (e) Documents, as specified in Section 16, of the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf

28.For opening an account of a partnership firm, the certified copies of each of the following documents shall be obtained:

- (a) Registration certificate
- (b) Partnership deed
- (c) Permanent Account Number of the partnership firm
- (d) Documents, as specified in Section 16, of the person holding an attorney to transact on its behalf

29.For opening an account of a trust, certified copies of each of the following documents shall be obtained:

- (a) Registration certificate
- (b) Trust deed
- (c) Permanent Account Number or Form No.60 of the trust
- (d) Documents, as specified in Section 16, of the person holding an attorney to transact on its behalf

30.For opening an account of an unincorporated association or a body of individuals, certified copies of each of the following documents shall be obtained:

- (a) Resolution of the managing body of such association or body of individuals
- (b) Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals
- (c) Power of attorney granted to transact on its behalf

- (d) Documents, as specified in Section 16, of the person holding an attorney to transact on its behalf and
- (e) Such information as may be required by the RE to collectively establish the legal existence of such an association or body of individuals.

Explanation: Unregistered trusts/partnership firms shall be included under the term 'unincorporated association'.

Explanation: Term 'body of individuals' includes societies.

33. For opening accounts of juridical persons not specifically covered in the earlier part, such as societies, universities and local bodies like village panchayats, certified copies of the following documents shall be obtained:

- (a) Document showing name of the person authorised to act on behalf of the entity;
- (b) Documents, as specified in Section 16, of the person holding an attorney to transact on its behalf and
- (c) Such documents as may be required to establish the legal existence of such an entity/juridical person.

Part IV - Identification of Beneficial Owner

34. 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 sub- rule (3) of Rule 9 of the Rules to verify his/her identity shall be undertaken keeping in view the following:

- (a) Where the customer or the owner of the controlling interest is a company 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.
- (b) 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.

Part V - On-going Due Diligence

- 35.** Bank shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile; and the source of funds.
- 36.** Without prejudice to the generality of factors that call for close monitoring following types of transactions shall necessarily be monitored:
- (a) Large and complex transactions including RTGS transactions, and those with unusual patterns, inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose.
 - (b) Transactions which exceed the thresholds prescribed for specific categories of accounts.
 - (c) High account turnover inconsistent with the size of the balance maintained.
 - (d) Deposit of third party cheques, drafts, etc. in the existing and newly opened accounts followed by cash withdrawals for large amounts.
- 37.** The extent of monitoring shall be aligned with the risk category of the customer.

Explanation: High risk accounts have to be subjected to more intensified monitoring.

- (a) A system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.
- (b) The transactions in accounts of marketing firms, especially accounts of Multi-level Marketing (MLM) Companies shall be closely monitored.

Explanation: Cases where a large number of cheque books are sought by the company and/or multiple small deposits (generally in cash) across the country in one bank account and/or where a large number of cheques are issued bearing similar amounts/dates, shall be immediately reported to Reserve Bank of India and other appropriate authorities such as FIU-IND.

38. Periodic Updation

Periodic updation shall be carried out at least once in every two years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers as per the following procedure:

(a) Bank shall carry out

- i. CDD, as specified in Section 16, at the time of periodic updation. However, 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.
- ii. In case of Legal entities, Bank branches/offices shall review the documents sought at the time of opening of account and obtain fresh certified copies.

(b) Bank's branches/offices may not insist on the physical presence of the customer for the purpose of furnishing OVD or furnishing consent for Aadhaar authentication/Offline Verification 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) Branches/offices 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.

39. In case of existing customers, Branches/offices shall obtain the Permanent Account Number or Form No.60, by such date as may be notified by the Central Government, failing which Bank shall temporarily cease operations in the account till the time the Permanent Account Number or Form No. 60 is submitted by the customer.

Provided that before temporarily ceasing operations for an account, the Branches/offices shall give the client an accessible notice and a reasonable opportunity to be heard. Further, appropriate relaxation(s) for continued operation of accounts for 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. Such accounts shall, however, be subject to enhanced monitoring.

Provided further that if a customer having an existing account-based relationship with a Bank's branch/office gives in writing to the branch/office that he does not want to submit his Permanent Account Number or Form No.60, branch/office shall close the account and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer by obtaining the identification documents as applicable to the customer.

Explanation – For the purpose of this Section, “temporary ceasing of operations” in relation an account shall mean the temporary suspension of all transactions or activities in relation to that account by the Bank till such time the customer complies with the provisions of this Section. In case of asset accounts such as loan accounts, for the purpose of ceasing the operation in the account, only credits shall be allowed.

Part VI - Enhanced and Simplified Due Diligence Procedure

A. Enhanced Due Diligence

40. Accounts of non-face-to-face customers: Bank shall ensure that the first payment is to be effected through the customer's KYC-complied account with another RE, for enhanced due diligence of non-face-to-face customers.

41. Accounts of Politically Exposed Persons (PEPs)

A. Bank 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 REs' 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.

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

42. Client accounts opened by professional intermediaries:

Bank shall ensure while opening client accounts through professional intermediaries, that:

(a) Clients shall be identified when client account is opened by a professional intermediary on behalf of a single client.

(b) Bank 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) Bank shall not open accounts of such professional intermediaries who are bound by any client confidentiality that prohibits disclosure of the client details to the Bank.

(d) All the beneficial owners shall be identified where funds held by the intermediaries are not co-mingled at the level of Bank, and there are 'sub- accounts', each of them attributable to a beneficial owner, or where such funds are co-mingled at the level of Bank, the Bank shall look for the beneficial owners.

(e) Bank shall, at their discretion, rely on the 'customer due diligence' (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 Bank.

B. Simplified Due Diligence

43. Simplified norms for Self Help Groups (SHGs)

(a) CDD of all the members of SHG shall not be required while opening the savings bank account of the SHG.

- (b) CDD of all the office bearers shall suffice.
- (c) No separate CDD as per the CDD procedure mentioned in Section 15 of the policy, for the members or office bearers shall be necessary at the time of credit linking of SHGs.

44. Procedure to be followed by banks while opening accounts of foreign students

- (a) Bank shall, at their option, open a Non Resident Ordinary (NRO) bank account of a foreign student on the basis of his/her passport (with visa & immigration endorsement) bearing the proof of identity and address in the home country together with a photograph and a letter offering admission from the educational institution in India.
 - i. Provided that a declaration about the local address shall be obtained within a period of 30 days of opening the account and the said local address is verified.
 - ii. Provided further that pending the verification of address, the account shall be operated with a condition of allowing foreign remittances not exceeding USD 1,000 or equivalent into the account and a cap of rupees fifty thousand on aggregate in the same, during the 30-day period.
- (b) The account shall be treated as a normal NRO account, and shall be operated in terms of Reserve Bank of India's instructions on Non-Resident Ordinary Rupee (NRO) Account, and the provisions of FEMA 1999.
- (c) Students with Pakistani nationality shall require prior approval of the Reserve Bank for opening the account.

Chapter VII
Record Management

- 45.** The following steps shall be taken regarding maintenance, preservation and reporting of customer account information, with reference to provisions of PML Act and Rules. Bank shall,
- (a) maintain all necessary records of transactions between the Bank and the customer, both domestic and international, for at least five years from

- the date of transaction;
- (b) preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;
 - (c) make available the identification records and transaction data to the competent authorities upon request;
 - (d) introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
 - (e) maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:
 - (i) the nature of the transactions;
 - (ii) the amount of the transaction and the currency in which it was denominated;
 - (iii) the date on which the transaction was conducted; and
 - (iv) the parties to the transaction.
 - (f) evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;
 - (g) maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

Chapter VIII

Reporting Requirements to Financial Intelligence Unit - India

46. Bank shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to in Rule 3 of the PML (Maintenance of Records) Rules, 2005 in terms of Rule 7 thereof.

Explanation: In terms of Third Amendment Rules notified September 22, 2015 regarding amendment to sub rule 3 and 4 of rule 7, Director, FIU-IND shall have powers to issue guidelines to the REs for detecting transactions referred to in various clauses of sub-rule (1) of rule 3, to direct them about the

form of furnishing information and to specify the procedure and the manner of furnishing information.

- 47.** 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 Bank until we install/adopt suitable technological tools for extracting CTR/STR from live transaction data. The Principal Officers of those REs, whose all branches are not fully computerized, shall have suitable arrangement to cull out the transaction details from branches which are not yet computerized and to feed the data into an electronic file with the help of the editable electronic utilities of CTR/STR as have been made available by FIU-IND on its website <http://fiuindia.gov.in>.
- 48.** While furnishing information to the Director, FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a misrepresented transaction beyond the time limit as specified in the Rule shall be constituted as a separate violation. Bank shall not put any restriction on operations in the accounts where an STR has been filed. Bank shall keep the fact of furnishing of STR strictly confidential. It shall be ensured that there is no tipping off to the customer at any level.
- 49.** Robust software, throwing alerts when the transactions are inconsistent with risk categorization and updated profile of the customers shall be put in to use as a part of effective identification and reporting of suspicious transactions.

Chapter IX

Requirements/obligations under International Agreements

Communications from International Agencies –

- 50.** Bank shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967, they do not have any account in the name

of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC). The details of the two lists are as under:

(a) The “**ISIL (Da’esh) &Al-Qaida Sanctions List**”, which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL &Al- Qaida Sanctions List is available at <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/al-qaida-r.xsl>

(b) The “**1988 Sanctions List**”, consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the Taliban which is available at <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/taliban-r.xsl>.

51.Details of accounts resembling any of the individuals/entities in the lists shall be reported to FIU-IND apart from advising Ministry of Home Affairs as required under UAPA notification dated August 27, 2009.

52.In addition to the above, other UNSCRs circulated by the Reserve Bank in respect of any other jurisdictions/ entities from time to time shall also be taken note of.

53. Freezing of Assets under Section 51A of Unlawful Activities (Prevention) Act, 1967

The procedure laid down in the UAPA Order dated March 14, 2019 ([Annex I](#) of this policy) shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured.

54. Jurisdictions that do not or insufficiently apply the FATF Recommendations

(a) FATF Statements circulated by Reserve Bank of India from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered.

Risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statement shall be taken into account.

- (b) Special attention shall be given to business relationships and transactions with persons (including legal persons and other financial institutions) from or in countries that do not or insufficiently apply the FATF Recommendations and jurisdictions included in FATF Statements.

Explanation: The process referred to in Section 55 a & b do not preclude REs from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statement.

- (c) The background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in FATF Statements and countries that do not or insufficiently apply the FATF Recommendations shall be examined, and written findings together with all documents shall be retained and shall be made available to Reserve Bank/other relevant authorities, on request.

Chapter X -Other Instructions

55. Secrecy Obligations and Sharing of Information:

- (a) Bank shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the banker and customer.
- (b) Information collected from customers for the purpose of opening of account shall be treated as confidential and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer.
- (c) While considering the requests for data/information from Government and other agencies, banks 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 the banking transactions.
- (d) The exceptions to the said rule shall be as under:
- (e) Where disclosure is under compulsion of law
- (f) Where there is a duty to the public to disclose,
- (g) the interest of bank requires disclosure and
- (h) Where the disclosure is made with the express or implied consent of

the customer.

56.CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)

Our Bank has been registered with Central KYC Registry with Registration Number IN2102 and account No.VCKYCAPGRVBK 2102.

All Bank branches/offices shall 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 Securitisation 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. Accordingly, Branches/offices shall take the following steps:

- (i) Branches/offices shall upload the KYC data pertaining to all new individual accounts opened on or after from April 1, 2017 with CERSAI in terms of the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

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

Under FATCA and CRS, Bank 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: Bank 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.

- (c) Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H.
- (d) Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules.
- (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 and available on the web site <http://www.incometaxindia.gov.in/Pages/default.aspx>. Bank shall take note of the following:
 - i. updated [Guidance Note](#) on FATCA and CRS
 - ii. a [press release](#) on ‘Closure of Financial Accounts’ under Rule 114H (8).

58. Period for presenting payment instruments

Payment of cheques/drafts/pay orders/banker’s cheques, if they are presented beyond the period of three months from the date of such instruments, shall not be made.

59. Operation of Bank Accounts & Money Mules

The instructions on opening of accounts and monitoring of transactions shall be strictly adhered to, in order to minimise the operations of “Money Mules” which are used to launder the proceeds of fraud schemes (e.g., phishing and identity theft) by criminals who gain illegal access to deposit accounts by recruiting third parties which act as “money mules.” If it is established that an account opened and operated is that of a Money Mule, it shall be deemed that the bank has not complied with these directions.

60. Collection of Account Payee Cheques

Account payee cheques for any person other than the payee constituent shall not be collected. Bank shall, at their option, collect account payee cheques drawn for an amount not exceeding rupees fifty thousand to the account of their customers who are co-operative credit societies, provided the payees of such cheques are the constituents of such co-operative credit societies.

62. (a) A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with individual customers as also the existing customers by bank.

(b) The bank shall, at their option, not issue UCIC to all walk-in/occasional customers such as buyers of pre-paid instruments/purchasers of third party products provided it is ensured that there is adequate mechanism to identify such walk-in customers who have frequent transactions with them and ensure that they are allotted UCIC.

63. Introduction of New Technologies – Credit Cards/Debit Cards/ Smart Cards/Gift Cards/Mobile Wallet/ Net Banking/ Mobile Banking/RTGS/ NEFT/ECS/IMPS etc.

Adequate attention shall be paid by Bank to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and it shall be ensured that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. Agents used for marketing of credit cards shall also be subjected to due diligence and KYC measures.

64. Wire transfer

Bank shall ensure the following while effecting wire transfer:

(a) All cross-border wire transfers including transactions using credit or debit card shall be accompanied by accurate and meaningful originator information such as name, address and account number or a unique reference number, as prevalent in the country concerned in the absence of account.

Exception: Interbank transfers and settlements where both the originator and beneficiary are banks or financial institutions shall be exempt from the above requirements.

- (b) Domestic wire transfers of rupees fifty thousand and above shall be accompanied by originator information such as name, address and account number.
- (c) Customer Identification shall be made if a customer is intentionally structuring wire transfer below rupees fifty thousand to avoid reporting or monitoring. In case of non-cooperation from the customer, efforts shall be made to establish his identity and STR shall be made to FIU-IND.
- (d) Complete originator information relating to qualifying wire transfers shall be preserved at least for a period of five years by the ordering bank.
- (e) A bank processing as an intermediary element of a chain of wire transfers shall ensure that all originator information accompanying a wire transfer is retained with the transfer.
- (f) The receiving intermediary bank shall transfer full originator information accompanying a cross-border wire transfer and preserve the same for at least five years if the same cannot be sent with a related domestic wire transfer, due to technical limitations.
- (g) All the information on the originator of wire transfers shall be immediately made available to appropriate law enforcement and/or prosecutorial authorities on receiving such requests.
- (h) Effective risk-based procedures to identify wire transfers lacking complete originator information shall be in place at a beneficiary bank.
- (i) Beneficiary bank shall report transaction lacking complete originator information to FIU-IND as a suspicious transaction.
- (j) The beneficiary bank shall seek detailed information of the fund remitter with the ordering bank and if the ordering bank fails to furnish information on the remitter, the beneficiary shall consider restricting or terminating its business relationship with the ordering bank.

65. Issue and Payment of Demand Drafts, etc.,

Any remittance of funds by way of demand draft, mail/telegraphic transfer/NEFT/IMPS or any other mode and issue of travelers' cheques for value

of rupees fifty thousand and above shall be effected by debit to the customer's account or against cheques and not against cash payment.

Further, the name of the purchaser shall be incorporated on the face of the demand draft, pay order, banker's cheque, etc., by the issuing bank. These instructions shall take effect for such instruments issued on or after September 15, 2018.

66. Quoting of PAN

Permanent account number (PAN) of customers shall be obtained and verified while undertaking transactions as per the provisions of Income Tax Rule [114B](#) applicable to banks, as amended from time to time. Form 60 shall be obtained from persons who do not have PAN.

67. Selling Third party products

Bank acting as agent while selling third party products as per regulations in force from time to time shall comply with the following aspects for the purpose of these directions:

- (a) the identity and address of the walk-in customer shall be verified for transactions above rupees fifty thousand as required under Section 13(e) of this Directions.
- (b) transaction details of sale of third party products and related records shall be maintained as prescribed in Chapter VII Section 46.
- (c) AML software capable of capturing, generating and analysing alerts for the purpose of filing CTR/STR in respect of transactions relating to third party products with customers including walk-in customers shall be available.
- (d) transactions involving rupees fifty thousand and above shall be undertaken only by:
 - debit to customers' account or against cheques; and
 - obtaining and verifying the PAN given by the account-based as well as walk-in customers.
- (e) Instruction at 'd' above shall also apply to sale of Bank's own products, payment of dues of credit cards/sale and reloading of prepaid/travel

cards and any other product for rupees fifty thousand and above.

68. At-par cheque facility availed by co-operative banks

- (a) The 'at par' cheque facility offered by Bank to co-operative banks shall be monitored and such arrangements be reviewed to assess the risks including credit risk and reputational risk arising therefrom.
- (b) The right to verify the records maintained by the customer cooperative banks/ societies for compliance with the extant instructions on KYC and AML under such arrangements shall be retained by bank.
- (c) Cooperative Banks shall:
 - i. ensure that the 'at par' cheque facility is utilised only:
 - a. for their own use,
 - b. for their account-holders who are KYC complaint, provided that all transactions of rupees fifty thousand or more are strictly by debit to the customers' accounts,
 - c. for walk-in customers against cash for less than rupees fifty thousand per individual.
 - ii. maintain the following:
 - a. records pertaining to issuance of 'at par' cheques covering, inter alia, applicant's name and account number, beneficiary's details and date of issuance of the 'at par' cheque,
 - b. sufficient balances/drawing arrangements with the commercial bank extending such facility for purpose of honouring such instruments.
 - iii. ensure that 'At par' cheques issued are crossed 'account payee' irrespective of the amount involved.

69. Issuance of Prepaid Payment Instruments (PPIs):

PPI issuers shall ensure that the instructions issued by Department of Payment and Settlement System of Reserve Bank of India through their Master Direction are strictly adhered to.

70. Hiring of Employees and Employee training

- (a) Adequate screening mechanism as an integral part of their personnel recruitment/hiring process shall be put in place.
- (b) On-going employee training programme shall be put in place so that

the members of staff are adequately trained in AML/CFT policy. The focus of the training shall be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff shall 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 AML/CFT policies of the Bank, regulation and related issues shall be ensured.

New Delhi, dated 14 March 2019

ORDER**Subject: - Procedure for implementation of Section 51A of the Unlawful (Prevention) Act, 1967.**

The Unlawful Activities (Prevention) Act, 1967 (UAPA) was amended and notified on 31.12.2008, which, inter-alia, inserted Section 51A to the Act. Section 51 A, reads as under:-

"51A. For the prevention of, and for coping with terrorist activities, the Central Government shall have power to —

- (a) freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of or at the direction of the individuals or entities Listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism;
- (b) prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities Listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism:
- (c) prevent the entry into or the transit through India of individuals Listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism".

The Unlawful Activities (Prevention) Act, 1967 defines "Order" as under :-

"Order" means the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as may be amended from time to time.

In order to expeditiously and effectively implement the provisions of Section 51A, a procedure was outlined vide this Ministry Order No. 17015/10/2002-IS-VI dated 27.08.2009. After the reorganization of the Divisions in Ministry of Home Affairs, the administration of Unlawful Activities (Prevention) Act, 1967 and the work relating to countering of terror financing has been allocated to the CTCR Division. The order dated 27.8.2009 is accordingly modified as under:

Appointment and communication of details of UAPA Nodal Officers

2. As regards appointment and communication of details of UAPA Nodal Officers-

- (i) The UAPA Nodal Officer for CTCR Division would be the Joint Secretary (CTCR), Ministry of Home Affairs. His contact details are 011-23092736 (Tel), 011-23092569 (Fax) and jsctcr-mha@gov.in (e-mail id).

- (ii) The Ministry of External Affairs, Department of Economic Affairs, Foreigners Division of MHA, FIU-IND; and RBI, SEBI, IRDA (hereinafter referred to as Regulators) shall appoint a UAPA Nodal Officer and communicate the name and contact details to the CTCR Division in MHA.
- (iii) The States and UTs should appoint a UAPA Nodal Officer preferably of the rank of the Principal Secretary/Secretary, Home Department and communicate the name and contact details to the CTCR Division in MHA.
- (iv) The CTCR Division in MHA would maintain the consolidated list of all UAPA Nodal Officers and forward the list to all other UAPA Nodal Officers.
- (v) The RBI, SEBI, IRDA should forward the consolidated list of UAPA Nodal Officers. to the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies respectively.
- (vi) The consolidated list of the UAPA Nodal Officers should be circulated by the Nodal Officer of CTCR Division of MHA in July every year and on every change. Joint Secretary (CTCR) being the Nodal Officer of CTCR Division of MHA, shall cause the amended list of UAPA Nodal Officers to be circulated to the Nodal Officers of Ministry of External Affairs, Department of Economic Affairs, Foreigners Division of MHA, RBI, SEBI, IRDA and FIU-IND.

Communication of the list of designated individuals/entities

3. As regards communication of the list of designated individuals/entities-

- (i) The Ministry of External Affairs shall update the list of individuals and entities subject to UN sanction measures on a regular basis. On any revision, the Ministry of External Affairs would electronically forward this list to the Nodal Officers in Regulators, FIU-IND, CTCR Division and Foreigners Division in MHA,
- (ii) The Regulators would forward the list mentioned in (i) above (referred to as designated lists) to the banks, stock exchanges/ depositories, intermediaries regulated by SEBI and insurance companies respectively.
- (iii) The CTCR Division of MHA would forward the designated lists to the UAPA Nodal Officer of all States and UTs.
- (iv) The Foreigners Division of MHA would forward the designated lists to the immigration authorities and security agencies.

Regarding funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or Insurance policies etc.

4. As regards funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or Insurance policies etc., the Regulators would forward the designated lists to the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance

companies respectively. The RBI, SEBI and IRDA would issue necessary guidelines to banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies requiring them to-

- (i) Maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether individuals or entities listed in the schedule to the Order, herein after, referred to as designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or Insurance policies etc., with them.
 - (ii) In case, the particulars of any of their customers match with the particulars of designated individuals/entities, the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or Insurance policies etc., held by such customer on their books to the Joint. Secretary (CTCR), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone or 011-23092736. The particulars apart from being sent by post, should necessarily be conveyed on e-mail id: jsctcr-mha@gov.in.
 - (iii) The banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies shall also send a copy of the communication mentioned in (ii) above to the UAPA Nodal Officer of the State/UT where the account is held and Regulators and FIU-IND, as the case maybe.
 - (iv) In case, the match of any of the customers with the particulars of designated individuals/entities is beyond doubt, the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies would prevent designated persons from conducting financial transactions, under intimation to the Joint Secretary (CTCR), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed on e-mail id: jsctcr-mha@gov.in.
 - (v) The banks, stock exchanges /depositories, intermediaries regulated by SEBI and insurance companies, shall file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts covered by paragraph (ii) above, carried through or attempted as per the prescribed format.
5. On receipt of the particulars referred to in paragraph 4(ii) above, CTCR Division of MHA would cause a verification to be conducted by the State Police and/or the Central Agencies so as to ensure that the individuals / entities identified by the banks, stock exchanges/depositories, intermediaries regulated by SEBI and Insurance Companies are the ones listed as designated individuals/entities and the funds, financial assets or economic resources or related services, reported by banks, stock exchanges/depositories, intermediaries regulated by SEBI and

insurance companies are held by the designated individuals/entities This verification would be completed within a period not exceeding 5 working days from the date of receipt of such particulars.

6. In case, the results of the verification indicate that the properties are owned by or are held for the benefit of the designated individuals/entities, an order to freeze these assets under Section 51A of the UAPA would be issued by the UAPA Nodal Officer of CTCR Division of MHA and conveyed electronically/to the concerned bank branch, depository, branch of insurance company branch under intimation to respective Regulators and FIU-IND. The UAPA Nodal Officer of CTCR Division of MHA shall also forward a copy thereof to all the Principal Secretary/Secretary, Home Department of the States or UTs, so that any individual or entity may be prohibited from making any funds, financial assets or economic resources or related services available for the benefit of the designated individuals/ entities or any other person engaged in or suspected to be engaged in terrorism. The UAPA Nodal Officer of CTCR Division of MHA shall also forward a copy of the order to all Directors General of Police/ Commissioners of Police of all States/UTs for initiating action under the provisions of the Unlawful Activities (Prevention) Act, 1967.

The order shall be issued without prior notice to the designated individual/entity.

Regarding financial assets or economic resources of the nature of immovable properties

7. CTCR Division of MHA would electronically forward the designated lists to the UAPA Nodal Officer of all States and UTs with the request to have the names of the designated individuals/entities, on the given parameters, verified from the records of the office of the Registrar performing the work of registration of immovable Properties in their respective jurisdiction.
8. In case, the designated individuals/entities are holding financial assets or economic resources of the nature of immovable property and if any match with the designated individuals/entities is found. the UAPA Nodal Officer of the State/UT would cause communication of the complete particulars of such individual/entity along with complete details of the financial assets or economic resources of the nature of immovable property to Joint Secretary (CTCR), Ministry of Home Affairs, immediately within 24 hours at Fax No.011- 23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post would necessarily be conveyed on e-mail id jsctcr-mha@gov.in.
9. The UAPA Nodal Officer of the State/UT may cause such inquiry to be conducted by the State Police so as to ensure that the particulars sent by the Registrar performing the work of registering immovable properties are indeed of these designated individuals/entities. This verification would be completed within a maximum of 5 working days and should be conveyed within 24 hours of the verification, if it matches with the particulars of the designated individual/entity to

Joint Secretary (CTCR), Ministry of Home Affairs at the Fax, telephone numbers and also on the e-mail id given below.

10. A copy of this reference should be sent to Joint Secretary (CTCR), Ministry of Home Affairs, at Fax No.011-23092569 and also conveyed over telephone on 01123092736. The particulars apart from being sent by post would necessarily be conveyed on e-mail id: jsctcr-mha@gov.in. MHA may also have the verification conducted by the Central Agencies. This verification would be completed within a maximum of 5 working days.
11. In case, the results of the verification indicate that the particulars match with those of designated individuals/entities, an order under section 51A of the UAPA would be issued, by the UAPA Nodal Officer of CTCR Division of MHA and conveyed to the concerned Registrar performing the work of registering immovable properties and to FIU-IND under intimation to the concerned UAPA Nodal Officer of the State/UT.

The order shall be issued without prior notice to the designated individual/entity.

12. Further, the UAPA Nodal Officer of the State/UT shall cause to monitor the transactions/ accounts of the designated individual/entity so as to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities Listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism. The UAPA Nodal Officer of the State / UT shall upon coming to his notice, transactions and attempts by third party immediately bring to the notice of the DGP/Commissioner of Police of the State / UT for also initiating action under the provisions of Unlawful Activities (Prevention) Act 1967.

Implementation of requests received from foreign countries under U.N. Security Council Resolution 1373 of 2001.

13. U.N. Security Council Resolution 1373 obligates countries to freeze without delay the funds or other assets of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts; of entities owned or controlled directly or indirectly by such persons: and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds or other assets derived or generated from property owned or controlled, directly or indirectly, by such persons and associated persons and entities. Each individual country has the authority to designate the persons and entities that should have their funds or other assets frozen. Additionally, to ensure that effective cooperation is developed among countries, countries should examine and give effect to, if appropriate, the actions initiated under the freezing mechanisms of other countries.

14. To give effect to the requests of foreign countries under U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign countries and forward it electronically, with their comments, to the UAPA Nodal Officer for CTCR Division for freezing of funds or other assets.
15. The UAPA Nodal Officer of CTCR Division of MHA, shall cause the request to be examined, within 5 working days, so as to satisfy itself that on the basis of applicable legal principles, the requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the Nodal Officers in Regulators, FIU-IND and to the Nodal Officers of the States/UTs. The proposed designee, as mentioned above would be treated as designated individuals/entities.
16. Upon receipt of the requests by these Nodal Officers from the UAPA nodal officer of CTCR Division, the procedure as enumerated at paragraphs 4 to 12 above shall be followed.

The freezing orders shall be issued without prior notice to the designated persons involved.

Procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person

17. Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, they shall move an application giving the requisite evidence. in writing, to the concerned bank, stock exchanges/ depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties and the State/UT Nodal Officers.
18. The banks, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties and the State/ UT Nodal Officers shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the Nodal Officer of CTCR Division of MHA as per the contact details given in paragraph 4 (ii) above, within two working days.
19. The Joint Secretary (CTCR), MHA being the UAPA Nodal Officer for CTCR Division of MHA shall cause such verification, as may be required on the basis of the evidence furnished by the individual/entity, and, if satisfied, he shall Pass an order, within 15 working days, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under

intimation to the concerned bank, stock exchanges/depositories, intermediaries regulated by SEBI, insurance company and the Nodal Officers of States/UTs. However, if it is not possible for any reason to pass an Order unfreezing the assets within 15 working days, the UAPA Nodal Officer of CTCR Division shall inform the applicant.

Communication of Orders under section 51A of Unlawful Activities (Prevention) Act, 1967.

20. All Orders under section 51A of Unlawful Activities (Prevention) Act, 1967 relating to funds, financial assets or economic resources or related services, would be communicated to all the banks, depositories/stock exchanges, intermediaries regulated by SEBI, insurance companies through respective Regulators, and to all Registrars performing the work of registering immovable properties, through the State/UT Nodal Officer by CTCR Division of MHA.

Regarding prevention of entry into or transit through India

21. As regards prevention of entry into or transit through India of the designated individuals. the Foreigners Division of MHA, shall forward the designated lists to the immigration authorities and security agencies with a request to prevent the entry into or the transit through India. The order shall take place without prior notice to the designated individuals/entities.

22. The immigration authorities shall ensure strict compliance of the Orders and also communicate the details of entry or transit through India of the designated individuals as prevented by them to the Foreigners' Division of MHA.

Procedure for communication of compliance of action taken under section 51A

23. The Nodal Officers of CTCR Division and Foreigners Division of MHA shall furnish the details of funds, financial assets or economic resources or related services of designated individuals/entities frozen by an order, and details of the individuals whose entry into India or transit through India was prevented, respectively, to the Ministry of External Affairs for onward communication to the United Nations.

24. All concerned are requested to ensure strict compliance of this order.

(Piyush Goyal)

Joint Secretary to the Government of India

1. Governor, Reserve Bank of India, Mumbai
2. Chairman, Securities & Exchange Board of India, Mumbai
3. Chairman, Insurance Regulatory and Development Authority, Hyderabad.
4. Foreign Secretary, Ministry of External Affairs, New Delhi.
5. Finance Secretary, Ministry of Finance, New Delhi.
6. Revenue Secretary, Department of Revenue, Ministry of Finance, New Delhi.

7. Director, Intelligence Bureau, New Delhi.
8. Additional Secretary, Department of Financial Services, Ministry of Finance, New Delhi.
9. Chief Secretaries of all States/Union Territories
10. Principal Secretary (Home)/Secretary (Home) of all States/ Union Territories
11. Directors General of Police of all States & Union Territories
12. Director General of Police, National Investigation Agency, New Delhi.
13. Commissioner of Police, Delhi.
14. Joint Secretary (Foreigners), Ministry of Home Affairs, New Delhi.
15. Joint Secretary (Capital Markets), Department of Economic Affairs, Ministry of Finance. New Delhi.
16. Joint Secretary (Revenue), Department of Revenue, Ministry of Finance, New Delhi.
17. Director (FIU-IND), New De