

**THE AHMEDABAD MERCANTILE CO-OP. BANK LTD.
HEAD OFFICE "AMCO HOUSE",
NAVRANGPURA, AHMEDABAD 380 009.**

Know Your Customer (KYC) Policy and Risk Categorization – Merged

(Including Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under Prevention of Money Laundering Act, (PMLA), 2002)

(Recent)

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1. INTRODUCTION:

- a. On a review, the Master Direction on KYC has been amended by RBI to (a) align the instructions with the recent amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 vide Gazette Notification dated July 19, 2024, (b) incorporate instructions in terms of the corrigendum dated April 22, 2024 issued by the Government of India to the Order dated February 2, 2021 on the 'Procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967', and (c) revise certain existing instructions. The amended provisions in the Master Direction shall come into force with immediate effect.
- b. In terms of the provisions of Prevention of Money-Laundering Act, 2002 and 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, Bank is required to follow certain customer identification procedure while undertaking a transaction either by establishing an account based relationship or otherwise and monitor their transactions.
- c. This KYC Policy is issued as per RBI's Master Directions on Know Your Customer (**updated upto 12.06.2025**) which incorporates monitoring of transactions. Bank is bound to adhere to the above directions, extract of which is reproduced below for adaptation by the BOM and BOD.
- d. All offices / Branches of the Bank shall take all necessary steps to implement this KYC policy and provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, as amended from time to time, including operational instructions issued in pursuance of such amendment(s).
- e. In order to prevent from being used as a channel for Money Laundering (ML)/ Terrorist Financing (TF) and to ensure the integrity and stability of the financial system, efforts are continuously being made, by way of prescribing various rules and regulations. Internationally, the Financial Action Task Force (FATF) which is an inter-governmental body established in 1989 by the Ministers of its member jurisdictions, sets standards and promotes effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. Our Bank is also committed to upholding measures to protect the integrity of international financial system.

2. APPLICABILITY:

The provisions of KYC Policy (Including Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under Prevention of Money Laundering Act, (PMLA), 2002) guidelines shall apply to all the branches / offices of the Bank.

3. OBJECTIVE:

The objective of Know Your Customer Policy is to prevent the Bank from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities.

The Policy will also enable the Bank to know / understand the Bank's customer and their financial dealing in a better way which in turn helps the Bank to manage the customer risks prudently.



The purpose of KYC policy is to put in place customer identification procedures for opening of accounts and monitoring transactions in the accounts for detection of transactions of suspicious nature for the purpose of reporting to Financial Intelligence Unit-India [FIU-IND] in terms of the recommendations made by Financial Action Task Force (FATF) and the paper issued on Customer Due Diligence (CDD) for banks by the Basel Committee on Banking Supervision (BCBS) on AML standards and on Combating of Financing of Terrorism (CFT) measures. For this Policy, the term 'Money Laundering' would also cover financial transactions where the end-use of funds is for financing terrorism, irrespective of the source of funds.

4. DEFINITIONS:

A. CUSTOMER:

For the purpose of KYC Policy, a 'Customer' is defined as under:

- "Customer" means a person who is engaged in a financial transaction or activity with our Bank and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
- "Walk-in Customer" means a person who does not have an account-based relationship with the Bank, but undertakes transactions with our Bank.

B. Aadhaar Number: Aadhaar number" shall have the meaning assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016);

C. "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.

D. Definition of Beneficial Owner (BO)

- i. 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-

- "Controlling ownership interest" means ownership of/entitlement to more than 10 per cent of the shares or capital or profits of the company.
- "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.

- ii. 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 10 percent of capital or profits of the partnership or who exercises control through other means.

Explanation - For the purpose of this sub-clause, "control" shall include the right to control the management or policy decision.

- iii. 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 10 per cent of capital or profits of the partnership.



- iv. 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.

- v. 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 10% 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.

E. Certified Copy - Obtaining a certified copy by the Bank shall mean comparing the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the Bank as per the provisions contained in the Act.

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, certified by any one of the following, may be obtained:

- authorised officials of overseas branches of Scheduled Commercial Banks registered in India,
- branches of overseas banks with whom Indian banks have relationships,
- Notary Public abroad,
- Court Magistrate,
- Judge,
- Indian Embassy/Consulate General in the country where the non-resident customer resides.

F. "Central KYC Records Registry"

"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.

G. Definition of Designated Director

"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 include a person who holds the position of senior management or equivalent designated as a 'Designated Director'

H. "Digital Signature" shall have the same meaning as assigned to it in clause (p) of subsection (1) of section (2) of the Information Technology Act, 2000 (21 of 2000).

I. "Equivalent e-document" means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016



J. Definition of Officially Valid Document

"Officially Valid Document" (OVD) means the passport, the driving license, 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:-
 - utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill etc.);
 - Property or Municipal tax receipt;
 - Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
 - 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;
- 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.

K. "Principal Officer" means an officer at the management level nominated by the bank, responsible for furnishing information as per rule 8 of the Rules.

L. "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:

- i. 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
- ii. appears to be made in circumstances of unusual or unjustified complexity; or
- iii. appears to not have economic rationale or bona-fide purpose; or
- iv. 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.

M. Definition of Transactions

"Transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes-

- (i) opening of an account;
- (ii) deposits, 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;
- (iii) the use of a safety deposit box or any other form of safe deposit;
- (iv) entering into any fiduciary relationship;
- (v) any payment made or received in whole or in part of any contractual or other legal obligation;
- (vi) any payment made in respect of playing games of chance for cash or kind including such activities associated with casino; and
- (vii) Establishing or creating a legal person or legal arrangement.'

N. Other Definitions:

- a. "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.
- b. "Group" – The term "group" shall have the same meaning assigned to it in clause (e) of sub-section (9) of section 286 of the Income-tax Act, 1961 (43 of 1961)
- c. "Know Your Client / Customer (KYC) Identifier" means the unique number or code assigned to a customer by the Central KYC Records Registry
- d. "Non-profit organisations" (NPO) means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), 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 (18 of 2013)
- e. "Offline verification" shall have the same meaning as assigned to it in clause (pa) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016)
- f. "Person" has the same meaning assigned in the Act and includes:
 - an individual,
 - a Hindu undivided family,
 - a company,
 - a firm,
 - an association of persons or a body of individuals, whether incorporated or not,
 - every artificial juridical person, not falling within any one of the above persons and
 - any agency, office or branch owned or controlled by any of the above persons
- g. 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 18.
- h. Video based Customer Identification Process (V-CIP)": a method of customer identification by an official of the Bank by undertaking seamless,



secure, real-time, consent based audio-visual interaction with the customer to obtain identification information including the documents required for CDD purpose, and to ascertain the veracity of the information furnished by the customer. Such process shall be treated as face-to-face process for the purpose of this Master Direction

- i. "UCIC" means Unique Customer Identification Code, i.e., unique customer-ID allotted to individual customers while entering into new relationships as well as to the existing customers. All the accounts of an individual customer will be opened under his / her UCIC.
- j. "Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions by a foreign country, including the Heads of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials.

O. Terms bearing meaning assigned in this policy, 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. Correspondent Banking: Correspondent banking is the provision of banking services by one bank (the "correspondent bank") to another bank (the "respondent bank"). Respondent banks may be provided with a wide range of services, including cash management (e.g., interest-bearing accounts in a variety of currencies), international wire transfers, cheque clearing, payable-through accounts and foreign exchange services.
- iii. "Customer Due Diligence (CDD)" means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification.

Explanation – The CDD, at the time of commencement of an account-based relationship or while carrying out occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations, shall include:

- a. Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable;
 - b. Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;
 - c. Determining whether a customer is acting on behalf of a beneficial owner, and identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner, using reliable and independent sources of identification.
- iv. "Customer identification" means undertaking the process of CDD.
 - v. "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.
 - vi. "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.
 - vii. "KYC Templates" means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.



- viii. "On-going Due Diligence" means regular monitoring of transactions in accounts to ensure that those are consistent with Bank's knowledge about the customers, customers' business and risk profile, the source of funds / wealth.
- ix. Payable-through accounts: The term payable-through accounts refers to correspondent accounts that are used directly by third parties to transact business on their own behalf.
- x. "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.

5. The KYC policy includes following four key elements:

- A. Customer Acceptance Policy (CAP);
- B. Customer Identification Procedures (CIP)
- C. Risk Management;
- D. Monitoring of Transactions

A. CUSTOMER ACCEPTANCE POLICY :

5.1 ACCOUNT OPENING PROCEDURES

- i. Any Indian National-resident / Non-resident / Partnership firms / companies / Trusts/ unincorporated associations or Body of Individuals, etc., can open an Account with a Bank either singly or jointly with other.
- ii. The prospective account holder has to complete the following formalities before the bank account can be made operational:-
- iii. Since introduction is not necessary for opening of accounts under PML Act and Rules or Reserve Bank's extant KYC instructions, branches should not insist on introduction for opening bank accounts of customers, when documents of identity & address, as required, are provided.
- iv. The provisions for opening of 'Small Accounts' with introduction from an existing account holder or other evidence of identity and address to the satisfaction of the bank were made to help persons who were not able to provide 'officially valid documents' for opening of accounts. In view of the said provisions for 'Small Accounts' being included in sub-rule (5) of the PML Rules, the extant instructions for opening of 'Accounts with Introduction' as earlier prescribed stands withdrawn.
- v. Submit recent passport sized photographs for affixing them to the account opening form and specimen signature card/pass book.
- vi. Provide specimen signature in the presence of a verifying official.
- vii. Indicate mode of operation.
- viii. Avail of the nomination facility in case of individual accounts.
- ix. Provide documents for identification and proof of residence - Particulars of present or permanent addresses along with telephone / mobile numbers / email etc. if installed or any contact telephone / mobile numbers. Provided that: a. If the address on the document submitted for identity proof by the prospective customer is same as that declared by him/her in the account opening form, the document may be accepted as a valid proof of both identity and address. b. If the address indicated on the document submitted for identity proof differs from the address mentioned in the account opening form, a separate proof of address should be obtained. Henceforth, customers may submit only one documentary proof of address (either current or permanent) while opening a bank account / while undergoing periodic updation. In case the address mentioned as per 'proof of address' undergoes a change, fresh proof of address may be submitted to the branch within a period of six months. In case the proof of address furnished by the customer is not the local address or address where the customer is currently



residing, the branch is to merely take a declaration of the local address on which all the correspondence will be made by the branch with the customer.

- x. Give details of other accounts with any other banks
- xi. Give Details of Mobile numbers and If any Email IDs.
- xii. Permanent Account Number (PAN) given by Income Tax authorities or equivalent e-document thereof of customers shall be obtained. Verification of PAN number should be done online from system/Income Tax site 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 or equivalent e-document thereof.
- xiii. Registration Certificate in case of proprietorship concern/partnership firms and Certificate of Incorporation, Memorandum and Articles of Association, Resolution by Boards for accounts of Companies.
- xiv. Copies of the submitted KYC documents must be verified with the originals and officials accepting such documents should invariably put a stamp "Verified with the original(s)" under her/his signature, name, index number and date.

5.2 PRECAUTIONS TO BE TAKEN While opening the account it should be ensured that:-

- i. No account is opened in anonymous or fictitious / Benami name(s).
- ii. No account should be opened where the bank is unable (to verify the identity and/or obtain documents required or non-reliability of the data / information furnished to the bank) to apply appropriate CDD measures, either due to non - co-operation of the customer or non - reliability of the documents/ information furnished by the customer. The Bank shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.
- iii. No transaction or account - based relationship is undertaken without following CDD procedure.
- iv. Additional information, where such information requirement has not been specified in the internal KYC Policy of the Bank, is obtained with the explicit consent of the customer.
- v. Before opening a new account, it should be ensured that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc. The Branches should refer the circulars issued by RBI / Government of India / Central Office from time to time wherein the names of banned / terrorist individuals / organization etc. are notified. The name(s) of the prospective customer should be verified with the latest "List of Terrorist Individuals / Organization under UNSCR 1267 (1999) and 1822(2008) on Taliban / Al-Qaida Organization" integrated with CBS for 100% match and for more than 90% match available at Bank's server.
- vi. In cases where the customer is permitted to act on behalf of another person / entity the circumstances should be clearly spelt out in conformity with the established law and practice of banking as there could be occasions when an account is operated by a mandate holder or where an account may be opened by an intermediary in the fiduciary capacity.
- vii. Risk Categorization of Customers: Customers shall be categorized as low, medium and high risk category, based on the assessment and risk perception.
- viii. There should be periodical review of risk categorization of accounts followed by enhanced due diligence measures. Such review of risk categorization of customers should be carried out at least once in every six months.
- ix. It should be noted that Banking Services are not denied to general public, especially to those who are financially or socially disadvantaged. Explanation: FATF Public statement, the reports and guidance notes on KYC/AML issued by the Indian Bank Association (IBA) may also be used in risk assessment.



- x. Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
- xi. Where an equivalent e-document is obtained from the customer, Bank shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
- xii. Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.

Customer Acceptance Policy will also ensure the following:

- ❖ 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.
- ❖ All customers as per above eligibilities will be acceptable by Bank as Customer to avail services of Deposit, Loan, Lockers and other Banking Services.
- ❖ Customer is required to provide proof to prove his own identity and residential address and also to submit photograph.
- ❖ All prospective Account holders will have to come to branch and sign in the presence of an Officer / Manager for opening account.
- ❖ Cheque book will be issued after confirmation of proof of residence submitted by the customer. The Bank may verify address after account is opened.
- ❖ Customer acceptance by the Bank is subject to changes in guidelines issued from time to time by the various controlling authorities.
- ❖ Where Bank forms a suspicion of money laundering or terrorist financing, and it reasonably believes that performing the CDD process will tip-off the customer, it shall not pursue the CDD process, and instead file an STR with FIU-IND.
- ❖ CDD procedure to be applied at the UCIC level. Thus, if an existing KYC compliant customer of a Bank desires to open another account or avail any other product or service, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned eventhough opened in another Branch.

Customer accounts can be opened on the basis of above rules of Customer Acceptance Policy.

B. CUSTOMER IDENTIFICATION PROCEDURES / CUSTOMER DUE DILIGENCE:

For the purpose of Customer Identification, the Bank's Branches will be guided by instructions / guidelines / circulars issued by the Reserve Bank of India and Head Office from time to time. For customer Identification following documents may be obtained from the customers.

A. Accounts of Individuals

A.1 For undertaking CDD, the Bank 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 (PAN) 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 our Banks.

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) KYC Identifier under clause above, the Bank shall retrieve the KYC records online from the CKYCR in accordance with Section 56.

A.2 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 bank shall obtain a self-attested photograph from the customer.
- (ii) 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.
Provided that where the individual is a prisoner in a jail, the signature or thumb print shall be affixed in presence of the officer in-charge of the jail and the said officer shall certify the same under his signature and the account shall remain operational on annual submission of certificate of proof of address issued by the officer in-charge of the jail.
- (iii) Such accounts are opened only at Core Banking Solution (CBS) and ensure that foreign remittances are not credited to the account.
- (iv) Bank 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.
- (v) 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.
- (vi) The entire relaxation provisions shall be reviewed after twenty-four months.
- (vii) Notwithstanding anything contained in clauses (v) and (vi) above, the small account shall remain operational between April 1, 2020 and June 30, 2020 and such other periods as may be notified by the Central Government.
- (viii) 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 as per Section 16 or Section 18.
- (ix) Foreign remittance shall not be allowed to be credited into the account unless the identity of the customer is fully established as per Section 16 or Section 18.

B. Accounts of Proprietary concerns :

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

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 including Udyam Registration Certificate (URC) issued by the Government
- b. Certificate / license issued by the municipal authorities under Shop and Establishment Act.
- c. Sales (GST) and income tax returns.
- d. CST/VAT/ GST certificate
- 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 License / 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.
- In cases where the Bank is satisfied that it is not possible to furnish two such documents, the Bank at its discretion, accept only one of those documents as proof of business/activity.

Provided Bank undertakes 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.

C. Accounts of companies (Private and Public) :

For opening an account of a company, certified copies of each of the following documents or the equivalent e-documents thereof 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, relating to beneficial owner, the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf
- f. the names of the relevant persons holding senior management position; and
- g. the registered office and the principal place of its business, if it is different

D. Accounts of Limited Liability Partnership:

For opening an account of a Limited Liability Partnership, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:

- a. Certificate of incorporation
- b. Permanent Account Number of the company
- c. Documents, as specified in Section 16, relating to beneficial owner, the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf
- d. the names of all the partners and
- e. address of the registered office, and the principal place of its business, if it is different.

E. Accounts of Partnership Firm :

For opening an account of a partnership firm, the certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:

- a. Registration certificate
- b. Partnership deed
- c. Permanent Account Number of the partnership firm
- d. Documents, as specified in Section 16, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
- e. the names of all the partners and
- f. address of the registered office, and the principal place of its business, if it is different.



F. Accounts of Trusts & Foundations :

For opening an account of a Trusts and Foundations, certified copies of each of the following documents or the equivalent e-documents thereof 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, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
- e. the names of the beneficiaries, trustees, settlor, protector, if any and authors of the trust
- f. the address of the registered office of the trust; and
- g. list of trustees and documents, as specified in Section 16, for those discharging the role as trustee and authorised to transact on behalf of the trust.

G. For opening an account of Hindu Undivided Family.

For opening an account of Hindu Undivided Family, certified copies of each of the following documents shall be obtained:

- a. Identification information as mentioned under Section 15 in respect of the Karta and Major Coparceners,
- b. Declaration of HUF and its Karta,
- c. Recent Passport photographs duly self-attested by major co-parceners along with their names and addresses.
- d. The Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962.

H. Accounts of unincorporated association or body of individuals :

For opening an account of an unincorporated association or a body of individuals, certified copies of each of the following documents or the equivalent e-documents thereof 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, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and
- e. Such information as may be required by the Bank 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.

I. For opening accounts of a customer who is a juridical person (not specifically covered in the earlier part) such as societies, universities and local bodies like village panchayats, etc., or who purports to act on behalf of such juridical person or individual or trust, certified copies of the following documents or the equivalent e-documents thereof shall be obtained and verified:

- 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 by the Bank to establish the legal existence of such an entity/juridical person.

J. Accounts of NRE :

- a. Photocopy of passport and Residence Visa duly verified with the Original by Branch. (Departure from India Stamp and/or arrival in India – at present in India)
- a. Photocopy of Overseas Residential Proof (Driver License, Utility Bill, etc.) duly verified with the original by the branch.
- b. Foreign Instrument / foreign currency notes / NRE Cheque issued by the applicant of any Bank to be deposited in the new NRE account to be opened with our Bank.
- c. FATCA Declaration Form
- d. Letter of mandate (POA) etc.

C. Risk Management:

Bank will ensure that an effective KYC programme is put in place by establishing appropriate procedure and ensuring their effective implementation. Bank will also devise procedure 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 banking / business relationship. It will be ensured that the audit machinery of the Bank is staffed adequately with individuals who are well-versed in KYC policies and procedures. Concurrent / Internal Auditors will specifically check and verify the application of KYC procedures at the branches and comment on the lapses observed in this regard in their report. The compliance in this regard will be put up before the Audit Committee of the Board on quarterly intervals.

The risk on Inoperative and Dormant account will be covered separately under the Risk categorization policy.

D. Monitoring of Transactions:

Ongoing monitoring of transactions in the accounts is an essential element of effective KYC procedures. A close watch will be kept to unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. Periodical review of risk categorization of accounts will be carried out in terms of guidelines issued by the Reserve Bank of India from time to time. Customers' profiles will have to be obtained. Necessary software application will also be made to throw alerts when the transactions are inconsistent with risk categorization and updated profile of the customers. Accounts of bullion dealers including sub-dealers and jewelers will be categorized as "high risk" requiring enhanced due diligence. High risk accounts will be taken into account to identify Suspicious Transactions Reports.

a. Money Laundering and Terrorist Financing Risk Assessment by Bank:

- Bank shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.
- The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, Bank shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with Bank from time to time.
- The risk assessment by the Bank shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the Bank. Further, the periodicity of risk assessment exercise shall be determined by the Board of the Bank, in alignment with the



outcome of the risk assessment exercise. However, it should be reviewed at least annually.

- The outcome of the exercise shall be put up to the Board or any committee of the Board to which power in this regard has been delegated, and should be available to competent authorities and self-regulating bodies.
- Bank shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and should have Board approved policies, controls and procedures in this regard. Further, Bank shall monitor the implementation of the controls and enhance them if necessary

b. Reporting Requirements to Financial Intelligence Unit - India

The 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 Bank 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.]

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 which are yet to install/adopt suitable technological tools for extracting CTR/STR from their live transaction data.

It may be noted that 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. The Bank shall not put any restriction on operations in the accounts where an STR has been filed. The 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.

Our bank, directors, officers, and all employees shall ensure that the fact of maintenance of records referred to in rule 3 of the PML (Maintenance of Records) Rules, 2005 and furnishing of the information to the Director is confidential. However, such confidentiality requirement shall not inhibit sharing of information under paragraph 4(b) of this Master Direction of any analysis of transactions and activities which appear unusual, if any such analysis has been done.

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. In this regard for purpose of AML monitoring, alert generation and closure / escalation for STR, CTR, etc., board will resolved necessary updations and addition in of new parameters periodically as and when required and also to comply with necessary guidelines and notifications issued by FIU – IND , Reserve Bank of India etc.

Bank will review Risk Assessment in relation to Money Laundering and Terrorist Financing periodically as well as necessary parameters, guidelines and notifications issued by FIU – IND as Red Flag Indicators or otherwise, Reserve Bank of India etc.

Bank will also finalise and review Structure of AML team with Roles and Responsibilities whenever required.



c. Procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967.

Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) reads as under:-

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

- i) 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;
- ii) 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;
- iii) 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".

d. Regarding funds, financial assets or economic resources or related services held in the form of bank account etc.

- i) To maintain updated designated lists in electronic form and run a check on the given parameters on a daily basis to verify whether individuals or entities listed in the Schedule to the Order, hereinafter, 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 etc., with them.
- ii) In case, the particulars of any of their customers match with the particulars of designated individuals / entities, the bank shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts etc., held by such customer on their books to the Central [designated] Nodal Officer for the UAPA, at Fax No.011-23092551 and also convey over telephone No. 011-23092548. The particulars apart from being sent by post shall necessarily be conveyed on email id: jsctcr-mha@gov.in.
- iii) The bank shall also send a copy of the communication mentioned in d (ii) above to the UAPA Nodal Officer of the State/UT where the account is held and to Regulators and FIU-IND, as the case may be, without delay.
- iv) In case, the match of any of the customers with the particulars of designated individuals/entities is beyond doubt, the bank shall prevent such designated persons from conducting financial transactions, under intimation to the Central [designated] Nodal Officer for the UAPA at Fax No.011-23092551 and also convey over telephone No.011-23092548. The particulars apart from being sent by post should necessarily be conveyed on e-mail id: jsctcr-mha@gov.in, without delay.
- v) The bank shall file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts, covered under Paragraph d(ii) above, carried through or attempted as per the prescribed format.
- vi) On receipt of the particulars, as referred to in Paragraph d (i) above, the Central [designated] Nodal Officer for the UAPA 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 bank are the ones listed as designated individuals/ entities and the funds, financial assets or economic resources or related services, reported by bank are held by the designated individuals/entities. This verification would be completed expeditiously from the date of receipt of such particulars.

- vii) 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 orders to freeze these assets under Section 51A of the UAPA would be issued by the Central [designated] nodal officer for the UAPA without delay and conveyed electronically to the concerned bank branch under intimation to respective Regulators and FIU-IND. The Central [designated] nodal officer for the UAPA shall also forward a copy thereof to all the Principal Secretaries/Secretaries, Home Department of the States/UTs and all UAPA nodal officers in the country, 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 Central [designated] Nodal Officer for the UAPA 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.

6. Identification of Beneficial Owner

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 :

- Where the customer or the owner of the controlling interest is (i) an entity listed on a stock exchange in India, or (ii) it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions, or (iii) it is a subsidiary of such listed entities; it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.
- 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.

7. Risk Categorization of Customers:

Objective

All UCBs have been advised by RBI vide its Master Direction DBR. AML. BC. No. 81 / 14.01.001 / 2015-16 dated February 25, 2016 (updated as on December 8, 2016) on Know Your Customer (KYC) Direction 2016 for Risk Management and advised regulated Entities to follow customer identification procedure while undertaking a transaction either by establishing an account based relationship or otherwise and monitor their transactions. This will be very useful for monitoring relationship with customer in terms of Prevention of Money Laundering Act, 2002 and Prevention of Money laundering (Maintenance of Records) rule 2005. Further as per RBI guidelines of Cir. No. RBI/2011-12/428 UBD.CO.BPD No.5/12.05/001/2011-12 dt.5.3.12 the bank is required to prepare a risk profile of each customer and apply due diligence measures on high risk customers. Banks are also advised to put in place policies, systems and procedures for risk management keeping in view the risks involved in a transaction, account or



banking/business relationship. Details and proper customer risk profiling can be done only if the branch has details of profile of all its customers. It has been decided to prepare a Risk categorization of Customer in line of RBI guidelines. The broad features of risk categorization are summarized below:

Customer Acceptance Policy:

1. No account is to be opened when the bank is unable to apply appropriate Customer Due Diligence (CDD) measure, either due to non co-operation of customer or non-reliability of the customer or documents/information furnished by the customer.
2. A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationship with individual customers as also the existing Customer by bank.
3. Customer Acceptance Policy shall not result in denial of banking/financial facility to members of general public especially to those, who are financially or socially disadvantaged.

Risk Management:

1. Customer shall be categorised as low, medium and high risk category based on the risk perception of the bank.
2. The parameters of risk perception will be defined in terms of nature of business activity, location of customer and his clients, mode of payment, volume of turnover social and financial status etc to enable to categorization of customer into low, medium and high risk.
3. A system of periodic review of risk categorization of account, will be once in a Six months and need for applying enhanced due diligence measure shall be put in place.
4. The transaction in account of marketing firms, especially accounts of Multilevel Marketing Company shall be closely monitored.

Customer Identification Procedure (CIP):

Bank will undertake identification of customer in following ways:

- 1) Commencement of account based relationship with customer.
- 2) When there is a doubt about authenticity or adequacy of a customer identification data it has obtained.
- 3) When bank 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.

Risk perception in respect of the customer:

1. "Customer Risk" in present context refers to the money laundering and terrorist funding risk associated with a particular customer from bank's perspective. This risk is based on risk perception associated with customer profile and level of risk associated with the product and channel used by the customer.

2. For categorizing a customer as low risk, medium risk and high risk, the parameter considered are customer's identity, Income details etc, social/financial status, nature of job/business activity, information about the client's 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.

Criteria: Risk rating based on customer criteria

- 1) Corporate ID turn over criteria for half yearly turnover:
 - a) Low risk :-Less than or equal to Rs.50,00,000/-
 - b) Medium Risk :-Above Rs. 50,00,000/- and upto Rs.100,00,000/-
 - c) High Risk:- Above Rs.100,00,000/-



- 2) Individual turn over criteria for half yearly turnover:
 - a) Low risk:- Less than or equal to Rs. 15,00,000/-
 - b) Medium risk:- Above Rs.15,00,000/- and upto Rs.40,00,000/-
 - c) High risk: - Above Rs.40,00,000/-

Note: Transaction in Fixed Deposits renewals (AUTO) to be excluded.

Additional conditions:

- 1) All freezed, dormant and unclaimed account should be classified under High risk category.
- 2) In case of rent on locker is due system should update
 - a) Under Low risk category: Over Due upto 61 days.
 - b) Under Medium risk: Over Due for more than 61 days and upto 730 days.
 - c) High risk: Over Due for more than 730 days.
- 3) Locker not operated for more than three years it will be classified as High Risk
- 4) All NPA status of CC, OD and Term Loan accounts should be updated as High risk.
- 5) Even though the customer is categorized under Low/Medium risk and shows unusual transactions/behavior in account, the risk categorisation will be changed accordingly.
- 6) Risk categorization of customer will be reviewed on quarterly basis.
- 7) If the transaction of customer is reported as STR (Suspicious Transaction Report) to RBI, the same will be reviewed suitably after one quarter.

Characteristics of High Risk Customers (Categories, Occupations)	
1)	Separate Category needs to create in CBS for any governing authority makes the Customer in high risk.
2)	Politically affiliated persons accounts will be considered as high risk.
3)	NRE-NRO accounts in high risk.
4)	Identify the high net worth individual. (Needs to identify)
5)	CA Firms, Broker, Trustees, Custodians also come in High Risk.
6)	Trust, Investment Management Firm, Charities and NGO Category also in High Risk which is already in system
7)	Jewelers, real estate broker and real estate companies categories of customers in high risks.
8)	Weapon dealers category of customer in high risk
9)	Suspected Account Reported in FIU
10)	HUF account
11)	Stock Broker, Import / Export, Gas Stations and Car dealers in High Risk

Risk rating of Customer: Bank shall ensure to classify as Low Risk, Medium Risk, and High Risk depending on back ground, nature and location of activity, country of origin and sources of fund and client profile etc.

8. On-going Due Diligence

On-going due diligence of customers to be undertaken to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile; and the source of funds / wealth.

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.

For ongoing due diligence, Bank may consider adopting appropriate innovations including artificial intelligence and machine learning (AI & ML) technologies to support effective monitoring.

The extent of monitoring shall be aligned with the risk category of the customer.

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.

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

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.

9. Periodic Updation of KYC / Re - KYC

A risk-based approach is adopted by the Bank for periodic updation of KYC. 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 from the date of opening of the account / last KYC updation.

Notwithstanding the provisions given above, in respect of an individual customer who is categorized as low risk, the Bank shall allow all transactions and ensure the updation of KYC within one year of its falling due for KYC or upto June 30, 2026, whichever is later. The Bank shall subject accounts of such customers to regular monitoring. This shall also be applicable to low-risk individual customers for whom periodic updation of KYC has already fallen due.

The Road map for ongoing updation of KYC and follow-ups will be as under:

➤ Individual Customers:

- ❖ **No change in KYC information:** In case of no change in the KYC information, a self-declaration from the customer in this regard shall be obtained through customer's email-id registered with the Bank or request in any format or reminder letters issued by Bank.
- ❖ **Change in address:** In case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from the customer through customer's email-id registered with the Bank, customer's mobile number registered with the Bank, ATMs, digital channels (such as online banking / internet banking, mobile application of Bank), letter, etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables, etc.
- ❖ **Accounts of customers, who were minor at the time of opening account, on their becoming major:** In case of customers for whom account was opened when they were minor, fresh photographs shall be obtained on their becoming a major and at that time it shall be ensured that CDD documents as per the



current CDD standards are available with the base branch. Wherever required, branch may carry out fresh KYC of such customers i.e. customers for whom account was opened when they were minor, on their becoming a major. As the KYC documents are to be maintained at base branch, the customer may contact his/her base branch.

➤ **Customers other than individuals:**

- ❖ **No change in KYC information:** In case of no change in the KYC information of the Legal Entity (LE) customer, a self-declaration (letter from an official authorized by the LE in this regard, board resolution etc.) in this regard shall be obtained from the LE customer through its email id registered with the Bank/ by post/ by visiting the base branch. Further, branch shall ensure during this process that Beneficial Ownership (BO) / Authorised Signatories information available with them is accurate and shall update the same, if required, to keep it as up-to-date as possible.
- ❖ **Change in KYC information:** In case of change in KYC information, Bank shall undertake the KYC process equivalent to that applicable for on- boarding a new LE customer.

➤ **Additional Operational Measures:**

In addition to the above, it shall be ensured by the concerned offices that,

- ❖ The KYC documents of the customer as per the current CDD standards are available with them. This is applicable even if there is no change in customer information but the documents available with the Bank are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the Bank has expired at the time of periodic updation of KYC, Bank shall undertake the KYC process equivalent to that applicable for onboarding a new customer.
- ❖ Customer's PAN details, if available with the Bank, is verified from the database of the issuing authority at the time of periodic updation of KYC. This is to be ensure from Call and Fetch API (NSDL / RTO / CERSAI etc.)
- ❖ Acknowledgment through SMS / Email is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of periodic updation of KYC are promptly updated in the records / database of the Bank and an intimation, mentioning the date of updation of KYC details, is provided to the customer in writing if called for.
- ❖ UCIC i.e. Customer Based record / trail are available whenever required in CBS.
- ❖ In order to ensure customer convenience, Bank may consider making available the facility of periodic updation of KYC at any branch
- ❖ If Customers find no change of existing KYC then Customer may confirm by electronic mediums such as through SMS / Net Banking / Mobile Banking etc.
- ❖ Bank shall adopt a risk-based approach with respect to periodic updation of KYC. Any additional and exceptional measures, which otherwise are not mandated under the above instructions, adopted by the Bank such as requirement of obtaining recent photograph, requirement of physical presence of the customer, requirement of periodic updation of KYC only in the branch of the Bank where



account is maintained, a more frequent periodicity of KYC updation than the minimum specified periodicity or in any doubt pertains, Bank will be having full authority for enhanced due diligence, enquiry etc.

- ❖ An Email / SMS will be given to customer at registered Mobile Number / Email ID, prior to 30 days or any specified period Bank may deem fit, on Customer ID becoming due for KYC updation / Re KYC. This may bring a reminder for submitting latest CDDs or acknowledgement of existing CDD documents for no change.

Bank shall advise the customers that in order to comply with the PML Rules, in case of any update in the documents submitted by the customer at the time of establishment of business relationship / account-based relationship and thereafter, as necessary; customers shall submit to the Bank the update of such documents. This shall be done within 30 days of the update to the documents for the purpose of updating the records at Banks' end. If Customer is unable to provide or to reach to the Bank through any source then, the active accounts may get inactive / frozen till the submission of Fresh KYC required alike on-boarding new customer.

Due Notices for Periodic Updation of KYC

The Bank shall intimate its customers, in advance, to update their KYC. Prior to the due date of periodic updation of KYC, the Bank shall give at least three advance intimations, including at least one intimation by letter, at appropriate intervals to its customers through available communication options/ channels for complying with the requirement of periodic updation of KYC. Subsequent to the due date, the Bank shall give at least three reminders, including at least one reminder by letter, at appropriate intervals, to such customers who have still not complied with the requirements, despite advance intimations. The letter of intimation/ reminder may, *inter alia*, contain easy to understand instructions for updating KYC, escalation mechanism for seeking help, if required, and the consequences, if any, of failure to update their KYC in time. Issue of such advance intimation/ reminder shall be duly recorded in the RE's system against each customer for audit trail. The Bank shall expeditiously implement the same but not later than January 01, 2026.

10. Central KYC Records Registry (CKYCR):

(The Road map of CDD Procedure and sharing KYC information)

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.

- ❖ In terms of provision of Rule 9(1A) of PML Rules, the Bank shall capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.
- ❖ Bank shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as per the KYC templates prepared for 'Individuals' and 'Legal Entities' (LEs), as the case may be. The templates may be revised from time to time, as may be required and released by CERSAI.
- ❖ Bank shall upload KYC records pertaining to accounts of LEs opened on or after April 1, 2021, with CKYCR in terms of the provisions of the Rules *ibid*. The KYC records have to be uploaded as per the LE Template released by CERSAI.
- ❖ Once KYC Identifier is generated by CKYCR, Bank shall ensure that the same is communicated to the individual/LE as the case may be.



- ❖ In order to ensure that all KYC records are incrementally uploaded on to CKYCR, Bank shall upload/update the KYC data pertaining to accounts of individual customers and LEs opened prior to the above mentioned dates at the time of periodic updation as specified in Section 38 of this Master Direction, or earlier, when the updated KYC information is obtained/received from the customer.
- ❖ Bank shall ensure that during periodic updation, the customers are migrated to the current CDD standard.
- ❖ Where a customer, for the purposes of establishing an account based relationship, updation / periodic updation or for verification of identity of a customer, the Bank shall seek the KYC Identifier from the customer or retrieve the KYC Identifier, if available, from the CKYCR and proceed to obtain KYC records online by using such KYC identifier and shall not require a customer to submit the same KYC records or information or any other additional identification documents or details unless -
 - i. there is a change in the information of the customer as existing in the records of CKYCR;
 - ii. the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or
 - iii. the validity period of downloaded documents has lapsed; or
 - iv. the current address of the customer is required to be verified;
 - v. the Bank considers it necessary in order to verify the identity or address (including current address) of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the client.

Additional Operational Measures (Individual as well as Legal Entities "LE"):

- ❖ Operational Guidelines for uploading the KYC data will be as per CERSAI.
- ❖ SMS will be delivered to Customers registered Mobile number when CKYC number is generated from CERSAI or any updation are approved.
- ❖ Bank will clear ongoing rejection data from Central Office and assist the branches for upgrading Data quality and improving success ratio.
- ❖ Ongoing follow-ups from Central Office to eradicate errors and issues with regard to scanning, improper data entry, incomplete data etc.
- ❖ Periodic uploading of CKYC records for new onboard customers as well as updations.
- ❖ Ongoing clearing Reconciliation at CERSAI website and downloading Periodic files in addition to regular uploaded files to be done through central office.
- ❖ Regular monitoring of wallet and compliance to requirement of Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI).
- ❖ In order to ensure that all KYC records are incrementally uploaded on to CKYCR, Bank shall upload/update the KYC data pertaining to accounts of individual customers and LEs opened prior to the above-mentioned dates. At the time of periodic updation, when the updated KYC information is obtained/received from the customer. Also, whenever the Bank obtains additional or updated information from any customer, the Bank shall within seven days or within such period as may be notified by the Central Government, furnish the updated information to CKYCR, which shall update the KYC records of the existing customer in CKYCR. CKYCR shall thereafter inform electronically all the reporting entities who have dealt with the concerned customer regarding updation of KYC record of the said customer. Once CKYCR informs Bank regarding an update in the KYC record of an existing customer, the Bank shall retrieve the updated KYC records from CKYCR and update the KYC record maintained by the Bank.

11.Accounts of Politically Exposed Persons (PEPs)

- A. Bank shall have the option of establishing a relationship with PEPs (whether as customer or beneficial owner) provided that, apart from performing normal customer due diligence:
- a. Bank have in place appropriate risk management systems to determine whether the customer or the beneficial owner is a PEP;
 - b. Reasonable measures are taken by the Bank for establishing the source of funds / wealth;
 - c. the approval to open an account for a PEP shall be obtained from the senior management;
 - 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;
- B. These instructions shall also be applicable to family members or close associates of PEPs.

Explanation: For the purpose of this paragraph, "Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions by a foreign country, including the Heads of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials.

12.Video based Customer Identification Process (V-CIP)

Bank may undertake live Video based Customer Identification Process (V-CIP), to be carried out by an official of the Bank, for establishment of an account based relationship with an individual customer, after obtaining his informed consent and shall adhere to the following stipulations, post development of infrastructure:

- i. The official of the Bank performing the V-CIP shall record video as well as capture photograph of the customer present for identification and obtain the identification information as below:
 - Bank can use either OTP based Aadhaar e-KYC authentication or Offline Verification of Aadhaar for identification.
 - Bank can also carry out Offline Verification of Aadhaar for identification.
- ii. Bank shall capture a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority.
- iii. Live location of the customer (Geotagging) shall be captured if available to ensure that customer is physically present in India
- iv. The official of the Bank shall ensure that photograph of the customer in the Aadhaar/PAN details matches with the customer undertaking the V-CIP and the identification details in Aadhaar/PAN shall match with the details provided by the customer.
- v. The official of the Bank shall ensure that the sequence and/or type of questions during video interactions are varied in order to establish that the interactions are real-time and not pre-recorded.
- vi. In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than 3 days from the date of carrying out V-CIP.



- vii. All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process.
- viii. Bank shall ensure that the process is a seamless, real-time, secured, end-to-end encrypted audiovisual interaction with the customer and the quality of the communication is adequate to allow identification of the customer beyond doubt. Bank shall carry out the liveness check in order to guard against spoofing and such other fraudulent manipulations.
- ix. To ensure security, robustness and end to end encryption, the Bank shall carry out software and security audit and validation of the V-CIP application before rolling it out.
- x. The audiovisual interaction shall be triggered from the domain of the Bank itself, and not from third party service provider, if any. The V-CIP process shall be operated by officials specifically trained for this purpose. The activity log along with the credentials of the official performing the V-CIP shall be preserved.
- xi. Bank shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp.
- xii. Bank are encouraged to take assistance of the latest available technology, including Artificial Intelligence (AI) and face matching technologies, to ensure the integrity of the process as well as the information furnished by the customer. However, the responsibility of customer identification shall rest with the Bank. Bank shall ensure to redact or blackout the Aadhaar number in terms of Section 16.

13. Employee's Training and Training of AML Team:

On-going employee training programme shall be put in place so that the members of staff are adequately trained in KYC/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 KYC/AML/CFT policies of bank, regulation and related issues shall be ensured.

Training may be imparted at Bank's Training Centre and AML Team members may be deputed to reputed training institution, such as CAB, NIBM etc. so that they will have well versed knowledge in KYC/AML/CFT guidelines of RBI and Government.

Board level members and senior level management may be provided training at reputed training institution, such as CAB, NIBM etc. for KYC and AML related matters or can join on-line workshop conducted by reputed institution/s.

14. Hiring of Employees and Posting of Employees at AML Team:

It may be appreciated that KYC norms/AML Standards/CFT measures have been prescribed to ensure that criminals are not allowed to misuse the banking channels. It would, therefore, be necessary that adequate screening mechanism is put in place by banks as an integral part of their recruitment/hiring process of personnel. While hiring of employees on regular as well ad-hoc basis, their self certified copy of KYC papers to be obtained. Verification of educational qualification mark sheet to be done with respective educational institution/university.

Further in case of internal transfer to AML Department, HR and Audit Department to prudently assess employee/s suitability for such type of important job.



15.New Products (Assets and Liabilities):

For all new Products, whether it is Assets Product or Liabilities Product, analysis of pricing, market scenario etc. to be done and same to be discussed in ALCO/Credit Committee and after clearance from them the proposal for new products to be placed to Board of Management.

Board of Management views and observations to be considered and there after proposal of new products to be placed to Board of Directors and in the board also critical examination of the new product is to be undertaken.

16.Monitoring of Transactions:

Ongoing monitoring of transactions in the accounts is an essential element of effective KYC procedures. A close watch will be kept to unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. Transaction exceeding the given below threshold limits must be monitored continuously. Necessary software application was already in channel to throw alerts when the transactions are breaching the threshold. Monitoring should be of account to identify Suspicious Transactions Reports if proper justifications are not observed by Branch in routine course / received from customers.

(INDIVIDUAL TRANSACTION)

TRADE_CD	Trade_Nm	Code CKYC Occupation	LOW	MED	HIGH
166	Salaried		500000	700000	1000000
167	Scrapes		500000	700000	1000000
17	Chemical		500000	1000000	1500000
140	Huf Karta		500000	1000000	1500000
136	Graphics And Designing		500000	1000000	1500000
149	Labour Work		500000	1000000	1500000
151	Manufacturer		500000	1000000	1500000
164	Repairing		500000	1000000	1500000
161	Pre Owned Car Trading & Commission Agent		500000	1000000	1500000
120	Courier		500000	700000	1000000
121	Decoration		500000	1000000	1500000
O-01	Others - Professional	O-01	500000	1000000	1500000
O-02	Others - Self Employed	O-02	500000	1000000	1500000
O-03	Others - Retired	O-03	500000	700000	1000000
O-04	Others - Housewife	O-04	500000	700000	1000000
O-05	Others - Student	O-05	500000	700000	1000000
S-01	Service - Public Sector	S-01	500000	700000	1000000
103	Agency	S-02	500000	700000	1000000
104	Agriculture	S-02	500000	700000	1000000
28	Co Op Soc.	S-02	500000	700000	1000000
119	Co-Op Bank	S-02	500000	700000	1000000
114	Co-Op Society	S-02	500000	700000	1000000
123	Education	S-02	500000	700000	1000000
24.4	Education Loan	S-02	500000	700000	1000000
9	House Hold	S-02	500000	700000	1000000
154	Milk Man	S-02	500000	700000	1000000
24	Miscellaneous	S-02	500000	700000	1000000
24.5	Nsc/Lip	S-02	500000	700000	1000000
24.7	Other	S-02	500000	700000	1000000
7	Service	S-02	500000	700000	1000000
S-02	Service - Private Sector	S-02	500000	700000	1000000
168	Sr.Citizen	S-02	500000	700000	1000000



TRADE_CD	Trade_Nm	Code CKYC Occupation	LOW	MED	HIGH
169	Staff	S-02	500000	700000	1000000
46	Teacher	S-02	500000	700000	1000000
172	Tuition Classies	S-02	500000	700000	1000000
175	Worker	S-02	500000	700000	1000000
101	Advertising	S-02	500000	1000000	1500000
102	Advocate	S-02	500000	1000000	1500000
105	Association	S-02	500000	1000000	1500000
107	Builders & Developers	S-02	500000	1000000	1500000
42	Bullion Traders	S-02	500000	1000000	1500000
B-01	Business	S-02	500000	1000000	1500000
24.6	Car /Vehicle	S-02	500000	1000000	1500000
15	Cement	S-02	500000	1000000	1500000
112	Chartered Accountants	S-02	500000	1000000	1500000
24.2	Commercial Real Estate	S-02	500000	1000000	1500000
116	Construction	S-02	500000	1000000	1500000
117	Consultant	S-02	500000	1000000	1500000
118	Contractor	S-02	500000	1000000	1500000
122	Doctor	S-02	500000	1000000	1500000
11	Electrical	S-02	500000	1000000	1500000
10	Engineering	S-02	500000	1000000	1500000
126	Exporter	S-02	500000	1000000	1500000
127	Farmer	S-02	500000	1000000	1500000
128	Fertilizer & Pesticide	S-02	500000	1000000	1500000
129	Film Industry	S-02	500000	1000000	1500000
130	Finance	S-02	500000	1000000	1500000
22	Food Processing & Mfg.	S-02	500000	1000000	1500000
132	Garments	S-02	500000	1000000	1500000
21	Gems & Jewellery	S-02	500000	1000000	1500000
134	Glass Manufacturing	S-02	500000	1000000	1500000
135	Granites	S-02	500000	1000000	1500000
137	H/W	S-02	500000	1000000	1500000
138	Hotel Industry	S-02	500000	1000000	1500000
142	Interior Designer	S-02	500000	1000000	1500000
143	Investor	S-02	500000	1000000	1500000
16	Iron & Steel	S-02	500000	1000000	1500000
145	Job Work	S-02	500000	1000000	1500000
147	Kheti	S-02	500000	1000000	1500000
148	Laber Contractor	S-02	500000	1000000	1500000
18	Metal & Metal Products	S-02	500000	1000000	1500000
160	Poultry & Farming	S-02	500000	1000000	1500000
162	Printing	S-02	500000	1000000	1500000
163	Publication	S-02	500000	1000000	1500000
24.1	Residential Building	S-02	500000	1000000	1500000
165	Retailer	S-02	500000	1000000	1500000
106	Automobiles	S-02	500000	1200000	1600000
141	Industry	S-02	500000	1200000	1600000
146	Jwellery	S-02	500000	1200000	1600000
20	Leather & Leather Products	S-02	500000	1200000	1600000
152	Medical	S-02	500000	1200000	1600000
155	Packaging Industries	S-02	500000	1200000	1600000
13	Paper, Paper Products & Printing	S-02	500000	1200000	1600000
157	Petro Products	S-02	500000	1200000	1600000



TRADE_CD	Trade_Nm	Code CKYC Occupation	LOW	MED	HIGH
158	Pharmaceutical Manufacture	S-02	500000	1200000	1600000
41	Politician	S-02	500000	1200000	1600000
6	Professional	S-02	500000	1200000	1600000
14	Rubber & Rubber Products	S-02	500000	1200000	1600000
12	Textile	S-02	500000	1200000	1600000
19	Tobacco & Tobacco Products	S-02	500000	1200000	1600000
1	Trading	S-02	500000	1200000	1600000
171	Transport	S-02	500000	1200000	1600000
30	Trust	S-02	500000	1200000	1600000
173	Tyre Dealers	S-02	500000	1200000	1600000
23	Vehicle & Vehicle Parts	S-02	500000	1200000	1600000
43	Weapon Dealer	S-02	500000	1200000	1600000
174	Wholesale	S-02	500000	1200000	1600000
156	Personal	S-02	500000	700000	1000000
159	Police	S-02	500000	700000	1000000
4	Production	S-02	500000	1000000	1500000
170	Steel & Alloys	S-02	500000	1000000	1500000
S-03	Service - Government Sector	S-03	500000	700000	1000000

The above mentioned are threshold limits, which are already working in our CBS based on Trade codes.

17. International Agreements Communications

Requirements/obligations under International Agreements Communications from International Agencies –

Bank shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, 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 & AlQaida 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>

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 March 14, 2019.

In addition to the above, other UNSCRs circulated by the Reserve Bank in respect of any other jurisdictions/ entities from time to time. 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 Master Direction or Circular**) shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured.



Freezing of Assets under Section 51A of UAPA, 1967: The procedure laid down in the UAPA Order dated February 2, 2021 (Annex II of this Master Direction), shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured. The list of Nodal Officers for UAPA is available on the website of MHA.

Obligations under Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005):

- Bank shall ensure meticulous compliance with the "Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005" laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated September 1, 2023, by the Ministry of Finance, Government of India (Annex III of this Master Direction).
- In accordance with paragraph 3 of the aforementioned Order, Bank shall ensure not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list.
- Further, Bank shall run a check, on the given parameters, at the time of establishing a relation with a customer and on a periodic basis to verify whether individuals and entities in the designated list are holding any funds, financial asset, etc., in the form of bank account, etc.
- In case of match in the above cases, Bank shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (CNO), designated as the authority to exercise powers under Section 12A of the WMD Act, 2005. A copy of the communication shall be sent to State Nodal Officer, where the account / transaction is held and to the RBI.
- It may be noted that in terms of Paragraph 1 of the Order, Director, FIU-India has been designated as the CNO.
- Bank may refer to the designated list, as amended from time to time, available on the portal of FIU-India.
- In case there are reasons to believe beyond doubt that funds or assets held by a customer would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A of the WMD Act, 2005, REs shall prevent such individual/entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post, without delay.
- In case an order to freeze assets under Section 12A is received by the REs from the CNO, Bank shall, without delay, take necessary action to comply with the Order.
- The process of unfreezing of funds, etc., shall be observed as per paragraph 7 of the Order. Accordingly, copy of application received from an individual/entity regarding unfreezing shall be forwarded by RE along with full details of the asset frozen, as given by the applicant, to the CNO by email, FAX and by post, within two working days.
- Bank shall verify every day, the 'UNSCR 1718 Sanctions List of Designated Individuals and Entities', as available at <https://www.mea.gov.in/Implementation-of-UNSC-Sanctions-DPRK.htm>, to take into account any modifications to the list in terms of additions, deletions or other changes and also ensure compliance with the 'Implementation of Security Council Resolution on Democratic People's Republic of Korea Order, 2017', as amended from time to time by the Central Government.
- In addition to the above, Bank shall take into account – (a) other UNSCRs and (b) lists in the first schedule and the fourth schedule of UAPA, 1967 and any amendments to the same for compliance with the Government orders on implementation of Section 51A of the UAPA and Section 12A of the WMD Act.
- Bank shall undertake countermeasures when called upon to do so by any international or intergovernmental organisation of which India is a member and accepted by the Central Government.



Jurisdictions that do not or insufficiently apply the Financial Action Task Force Recommendations (FATF)

(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.

(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.

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

Under FATCA and CRS, REs 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:

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

18. Other Matters:

Designated Director:

- (a) A person who holds the position of senior management or equivalent designated as a 'Designated Director'.
- (b) 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.
- (c) The name, designation and address of the Designated Director shall be communicated to the FIU-IND.
- (d) Further, the name, designation, address and contact details of the Designated Director shall also be communicated to the RBI.
- (e) In no case, the Principal Officer shall be nominated as the 'Designated Director'.



- **Principal Officer:**

- (a) The Principal Officer shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations.
- (b) The name, designation and address of the Principal Officer shall be communicated to the FIU-IND by the Bank.
- (c) Further, the name, designation, address and contact details of the Principal Officer shall also be communicated to the RBI

- **Small Deposit Accounts :**

Small deposit accounts will be opened especially for those belonging to low income group and for those who are not able to produce necessary KYC documents to satisfy the Bank about their identity and address subject to adherence of guidelines issued by the Reserve Bank of India from time to time in this regard.

In Small Deposit Accounts, balance in at any point of time should not exceed Rs. 50,000. Total credits in one year should not exceed Rs. 1,00,000/- and total withdrawal should not exceed Rs. 10,000/- in a month. These small accounts would be valid normally for a period of twelve months. Thereafter, such accounts would be allowed to continue for a further period of twelve more months, if the account holder provides a document showing that she/he has applied for any of the officially valid document, within twelve months of opening the small account.

- **Basic Saving Bank Accounts :**

Basic saving bank accounts will also be opened in terms of guidelines issued by the Reserve Bank of India from time to time. (Our Bank's circular no amco: 074:2012-13 and amco: adm:53:2018-19 dated 10.09.2012 and 25.10.2018 respectively in this regard).

- **Maintenance and Preservation of record**

- The records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN card, utility bills etc.) obtained while opening the account and during the course of business relationship will be properly preserved for at least ten years after the business relationship is ended. The identification records will be made available to the competent authorities i.e. RBI / FIU IND etc. upon request.
- To 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;
- To 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;
- make available swiftly, the identification records and transaction data to the competent authorities upon request;
- To 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);
- To 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.
- To 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;



- To 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.
Explanation. – For the purpose of this paragraph, the expressions "records pertaining to the identification", "identification records", etc., shall include updated records of the identification data, account files, business correspondence and results of any analysis undertaken.
- Bank shall ensure that in case of customers who are non-profit organisations, the details of such customers are registered on the DARPAN Portal of NITI Aayog. If the same are not registered, RE shall register the details on the DARPAN Portal. REs shall also maintain such registration records for a period of five years after the business relationship between the customer and the RE has ended or the account has been closed, whichever is later.

- **Enhanced and Simplified Due Diligence Procedure**

The Bank will periodically update KYC information of customers. (Customer Due Diligence)

The Bank would continue apply client due diligence measures to existing clients at an interval of two / eight / ten years in respect of high / medium / low risk clients respectively, as provided by the RBI.

In case of "low risk" customer, branches need not seek fresh proofs of identity and address at the time of periodic updation, in case of no change in status with respect to their identities and addresses. A self – certification by the customer to that effect should suffice in such cases. In case of change of address of such "low risk" customers, such customers could merely forward a certified copy of the document (proof of address) by mail / post etc, the Bank may not insist on physical presence of such low risk customer at the time of periodic updation.

- **Opening of another account by an existing KYC compliant customer of the Bank:**

If an existing KYC compliant customer of the Bank desires to open another account in at some other Branch of the Bank, the customer need not submit fresh proof of identity and / or proof of address for opening of such another account.

- **Non Compliance of KYC Documents / Partial freezing of Accounts / Closure of Accounts:**

In cases non - compliance of KYC requirements by the customers, despite repeated reminders by the Bank, in such cases, Bank will impose "partial freezing" in case such KYC non - compliance in a phased manner.

In the meantime, the customer can revive his/her account by submitting the KYC documents as per the instructions in force.

While imposing "partial freezing", the Bank will ensure that the option of "partial freezing" is exercised after giving due notice of three months initially to the customers to comply with KYC requirements and followed by a reminder for further period of three months.

Therefore, the Bank may impose "partial freezing" by allowing all credits and disallowing all debits with the freedom to close the accounts. If the accounts are still KYC non – compliant after six months of imposing initial "partial freezing", the Bank may disallow all debits and credits from / to the accounts, rendering them inoperative.



Further, it would always be open for the Bank to close the accounts of such customers. Such decisions will be taken by the executive of rank of Dy. General Manager and above.

- **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 or equivalent e-document thereof.

- **Issue and Payment of Demand Drafts, etc.,**

Any remittance of funds by way of demand draft, mail / telegraphic transfer / NEFT / IMPS / RTGS 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.

- **Unique Customer Identification Code (UCIC)**

- (a) A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with individual customers as also the existing customers by banks.
- (b) The bank 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.
- (c) The bank to ensure the prevention of de-duplication unless the unique IDs which are same in case of proprietors, minors, accounts for issuance of FDRs to get submitted at authorities etc. Such preventions must be atleast by popping up messages while entering any unique document proof.

- **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

- **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." Banks shall undertake diligence measures and meticulous monitoring to identify accounts which are operated as Money Mules and take appropriate action, including reporting of suspicious transactions to FIU-IND. Further, if it is established that an account opened and operated is that of a Money Mule, but no STR was filed by the concerned bank, it shall then be deemed that the bank has not complied with these directions.

- **Collection of Account Payee Cheques**

Account payee cheques for any person other than the payee constituent shall not be collected. Banks 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.

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

Bank shall not issue UCIC to all walk-in/occasional customers 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.

• **Secrecy Obligations and Sharing of Information:**

- (a) Banks 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:
 - i. Where disclosure is under compulsion of law
 - ii. Where there is a duty to the public to disclose,
 - iii. The interest of bank requires disclosure and
 - iv. Where the disclosure is made with the express or implied consent of the customer.
- (e) Compliance with the provisions of Foreign Contribution (Regulation) Act, 2010
Banks shall ensure adherence to the provisions of Foreign Contribution (Regulation) Act, 2010 and Rules made thereunder. Further, banks shall also ensure meticulous compliance with any instructions / communications on the matter issued from time to time by the Reserve Bank based on advice received from the Ministry of Home Affairs, Government of India.

All the directions and notification issued by the Regulators such as Reserve Bank of India, Government of India etc. vide their Master Directions and Master circulars / letters and notification will prevail and applicable upon the policy from time to time.

The inputs from Chief Compliance Officer are duly considered




Dy. Gen. Manager
Date: 05.08.2025





Chief Executive Officer