

INDEL MONEY LIMITED (IML)
KNOW YOUR CUSTOMER (KYC) AND ANTI MONEY LAUNDERING
MEASURES POLICY& INSTRUCTIONS

PREFACE

Money Laundering is the process of concealing financial transactions to make illegitimate money, derived from illegal activities such as embezzlement/ corruption/ illegal gambling/ terrorism/ organized crime, appear legitimate. Its main objective is to hide the true source of illegal proceeds and make them legally usable, by converting them into legitimate money through a series of financial transactions. Technological advancements have helped money launderers adopt innovative means to transfer funds faster across continents making detection and preventive action more difficult. The attempted misuse of the financial system for perpetration of frauds has been recognized globally as a major problem that needs to be continuously tackled at every level in a dynamic manner. As a Responsible Company, Indel Money Limited (IML) consider it as our moral, social and economic responsibility to prevent the misuse of the financial system for laundering proceeds of criminal activities and to coordinate the global war against money laundering. Our role in curbing this global reality begins with stringent Know Your Customer procedures. Imbibing the true spirit behind the international financial community's resolve to fight money laundering, Indel Money Limited., has resolved to conduct day - to - day business with due skill, care and diligence and endeavors always to comply with both in letter and spirit all relevant laws, rules, regulation, codes and standards of good practices. In the light of the Master Circular No. RBI/DBR/2015-16/18 Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 February 25, 2016 (updated as on 17.10.2023) from Reserve Bank of India and based on earlier experiences by the financial community, a standardized and uniform policy framework has been adopted to ensure appropriate customer identification and monitoring of unusual/ suspicious transactions on an ongoing basis. We will not entertain any payments or remittances to charitable and religious organizations and trade related remittances. We also aim to promptly address any irregularities that may arise and believe in transparency of our financial and regulatory reporting with swift disclosure of any breaches, if any.

Our Company, Indel Money Limited, will be providing foreign exchange solutions to customers approaching us by means of selling and purchase of foreign currencies, remittance of money abroad for the purposes which falls under the ambit of license.

RBI vide AP (DIR.Series) Circular No.15 dated 19th November,2009 had notified the amendments carried out to Prevention of Money Laundering Act,2002(PMLA)vide Prevention of Money Laundering (Amendment) Act,2009. The said amendment which came into effect from 1.6.2009 has brought all authorized Persons within the definition of "Financial Institutions" whereby all entities providing money changing and money transfer business are now within the ambit of the provisions of PMLA, 2002.

CONTENTS OF THE POLICY

1.Introduction
2.Preliminary
3.General
4.Risk Management
5.Customer Identification Procedure (CIP)
6. Customer Due Diligence (CDD) Procedure
7.Record Management
8.Reporting Requirements to Financial Intelligence Unit - India
9.Other Instructions

1.INTRODUCTION

In order to prevent banks and other financial institutions 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 both internationally and nationally, 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. India, being a member of FATF, is committed to upholding measures to protect the integrity of international financial system.

In India, the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, form the legal framework on Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT). In terms of the provisions of the PML Act, 2002 and the PML Rules, 2005, as amended from time to time by the Government of India, Regulated Entities (REs) are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions.

Objectives:

The objective of KYC policy is to implement a well defined customer acceptance, customer care and customer severance policy to ensure prompts and inclusive services to all customers within the prescribed regulatory framework as well as defined processes of the company. Further KYC/AML guidelines are to prevent the company from being used, intentionally or unintentionally, criminal elements for money laundering or terrorist financing activities.

2. PRELIMINARY

As per RBI directives:

Short Title and Commencement.

(a) These Directions shall be called the Reserve Bank of India (Know Your

Customer (KYC) Directions, 2016.

- (b) These directions shall come into effect on the day they are placed on the official website of the Reserve Bank of India.

Applicability

- (c) The provisions of these Directions shall apply to every entity regulated by Reserve Bank of India, more specifically as defined in 3 (b) (xiv) below, except where specifically mentioned otherwise.
- (d) These directions shall also apply to those branches and majority owned subsidiaries of the REs (Regulated Entity) which are located abroad, to the extent they are not contradictory to the local laws in the host country, provided that:
- i. where applicable laws and regulations prohibit implementation of these guidelines, the same shall be brought to the notice of the Reserve Bank of India. RBI may advise further necessary action by the RE including application of additional measures to be taken by the RE to manage the ML/TF risks.
 - ii. in case there is a variance in KYC/AML standards prescribed by the Reserve Bank of India and the host country regulators, branches/subsidiaries of REs are required to adopt the more stringent regulation of the two.
 - iii. branches/ subsidiaries of foreign incorporated banks may adopt the more stringent regulation of the two i.e., standards prescribed by the Reserve Bank of India and their home country regulators.

Provided that this rule shall not apply to 'small accounts' referred to in Section 23 of Chapter VI.

Definitions:

Customer

For the purpose of KYC Norms, a 'Customer' is defined as a person who is engaged in a financial transaction or activity with a reporting entity and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

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

Explanation- For the purpose of this sub-clause-

1. "Controlling ownership interest" means ownership of/entitlement to more than 10 percent of the shares or capital or profits of the company.
2. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.

- b. Where the **customer is a partnership firm**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 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.

- c. Where the **customer is an unincorporated association or body of individuals**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 percent of the property or capital or profits of the unincorporated association or body of individuals.

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

- d. Where the customer is a **trust**, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10 percent 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.
- i. "Certified Copy" - Obtaining a certified copy by the RE 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 RE 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.
- ii. "Central KYC Records Registry" (CKYCR) means an entity defined under Rule 2(1) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.
- iii. "Designated Director" means a person designated by the RE to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall include:
- a. the Managing Director or a whole-time Director, duly authorized by the Board of Directors, if the RE is a company,
 - b. the Managing Partner, if the RE is a partnership firm,
 - c. the Proprietor, if the RE is a proprietorship concern,
 - d. the Managing Trustee, if the RE is a trust,
 - e. a person or individual, as the case may be, who controls and manages the affairs of the RE, if the RE is an unincorporated association or a body of individuals, and
 - f. a person who holds the position of senior management or equivalent designated as a 'Designated Director' in respect of Cooperative Banks and Regional Rural

Banks.

Explanation - For the purpose of this clause, the terms "Managing Director" and "Whole-time Director" shall have the meaning assigned to them in the Companies Act, 2013.

- iv. "Digital KYC" means the capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the RE as per the provisions contained in the Act.
- v. "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).
- vi. "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.
- vii. "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).
- viii. "Know Your Client (KYC) Identifier" means the unique number or code assigned to a customer by the Central KYC Records Registry.
- ix. "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).
- x. "Officially Valid Document" (OVD) means the passport, the driving licence, proof of possession of Aadhaar number, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address.

Provided that,

- a. where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.
- b. where the OVD furnished by the customer does not have updated address, the following documents or the equivalent e-documents thereof shall be deemed to be OVDs for the limited purpose of proof of address:-
 - i. utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
 - ii. property or Municipal tax receipt;
 - iii. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
 - iv. letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation;
 - c. the customer shall submit OVD with current address within a period of three months of submitting the documents specified at 'b' above
 - d. where the OVD presented by a foreign national does not contain the details of

address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.

Explanation: For the purpose of this clause, a document shall be deemed to bear 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.

- xi. "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).
- xii. "Person" has the same meaning assigned in the Act and includes:
 - a. an individual,
 - b. a Hindu undivided family,
 - c. a company,
 - d. a firm,
 - e. an association of persons or a body of individuals, whether incorporated or not,
 - f. every artificial juridical person, not falling within any one of the above persons (a to e), and
 - g. any agency, office or branch owned or controlled by any of the above persons (a to f).
- xiii. "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.
- xiv. "Principal Officer" means an officer at the management level nominated by the RE, responsible for furnishing information as per rule 8 of the Rules.
- xv. "Suspicious transaction" means a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith:
 - a. gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
 - b. appears to be made in circumstances of unusual or unjustified complexity; or
 - c. appears to not have economic rationale or *bona-fide* purpose; or
 - d. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

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

- xvi. A 'Small Account' means a savings account which is opened in terms of sub-rule (5) of rule 9 of the PML Rules, 2005. Details of the operation of a small account and controls to be exercised for such account are specified in Section 23.
- xvii. "Transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:
 - a. opening of an account;

- b. deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;
 - c. the use of a safety deposit box or any other form of safe deposit;
 - d. entering into any fiduciary relationship;
 - e. any payment made or received, in whole or in part, for any contractual or other legal obligation; or
 - f. establishing or creating a legal person or legal arrangement.
- (e) Terms bearing meaning assigned in this Directions, 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" means a person who is engaged in a financial transaction or activity with a Regulated Entity (RE) and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
 - iv. "Walk-in Customer" means a person who does not have an account-based relationship with the RE, but undertakes transactions with the RE.
 - v. "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.
 - vi. "Customer identification" means undertaking the process of CDD.
 - vii. "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.
 - viii. "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.
 - ix. "KYC Templates" means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.
 - x. "Non-face-to-face customers" means customers who open accounts without visiting the

- branch/offices of the REs or meeting the officials of REs.
- xi. "On-going Due Diligence" means regular monitoring of transactions in accounts to ensure that those are consistent with RE's knowledge about the customers, customers' business and risk profile, the source of funds / wealth.
 - xii. 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.
 - xiii. "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.
 - xiv. "Regulated Entities" (REs) means
 - a. all Scheduled Commercial Banks (SCBs)/ Regional Rural Banks (RRBs)/ Local Area Banks (LABs)/ All Primary (Urban) Co-operative Banks (UCBs) /State and Central Co-operative Banks (StCBs / CCBs) and any other entity which has been licenced under Section 22 of Banking Regulation Act, 1949, which as a group shall be referred as 'banks'
 - b. All India Financial Institutions (AIFIs)
 - c. All Non-Banking Finance Companies (NBFCs), Miscellaneous Non-Banking Companies (MNBCs) and Residuary Non-Banking Companies (RNBCs)
 - d. Asset Reconstruction Companies (ARCs)
 - e. All Payment System Providers (PSPs)/ System Participants (SPs) and Prepaid Payment Instrument Issuers (PPI Issuers)
 - f. All authorised persons (APs) including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.
 - xv. Shell Bank" means a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial group that is subject to effective consolidated supervision. Physical presence means meaningful mind and management located within a country. The existence simply of a local agent or low-level staff does not constitute physical presence.
 - xvi. "Video based Customer Identification Process (V-CIP)": an alternate method of customer identification with facial recognition and customer due diligence by an authorised official of the RE by undertaking seamless, secure, live, informed- consent based audio-visual interaction with the customer to obtain identification information required for CDD purpose, and to ascertain the veracity of the information furnished by the customer through independent verification and maintaining audit trail of the process. Such processes complying with prescribed standards and procedures shall be treated on par with face-to-face CIP for the purpose of this Master Direction.
 - xvii. "Wire transfer" related definitions:
 - a. Batch transfer: Batch transfer is a transfer comprised of a number of individual wire transfers that are being sent to the same financial institutions but may/may not be ultimately intended for different persons.
 - b. Beneficiary: Beneficiary refers to a natural or legal person or legal arrangement who / which is identified by the originator as the receiver of the requested wire transfer.
 - c. Beneficiary RE: It refers to a financial institution, regulated by the RBI, which receives the wire transfer from the ordering financial institution directly or through an intermediary RE and makes the funds available to the beneficiary.
 - d. Cover Payment: Cover Payment refers to a wire transfer that combines a payment message sent directly by the ordering financial institution to the beneficiary financial

institution with the routing of the funding instruction (the cover) from the ordering financial institution to the beneficiary financial institution through one or more intermediary financial institutions.

- e. Cross-border wire transfer: Cross-border wire transfer refers to any wire transfer where the ordering financial institution and beneficiary financial institution are located in different countries. This term also refers to any chain of wire transfer in which at least one of the financial institutions involved is located in a different country.
- f. Domestic wire transfer: Domestic wire transfer refers to any wire transfer where the ordering financial institution and beneficiary financial institution are located in India. This term, therefore, refers to any chain of wire transfer that takes place entirely within the borders of India, even though the system used to transfer the payment message may be located in another country.
- g. Financial Institution: In the context of wire-transfer instructions, the term 'Financial Institution' shall have the same meaning as has been ascribed to it in the FATF Recommendations, as revised from time to time.
- h. Intermediary RE: Intermediary RE refers to a financial institution or any other entity, regulated by the RBI which handles an intermediary element of the wire transfer, in a *serial* or *cover* payment chain and that receives and transmits a wire transfer on behalf of the ordering financial institution and the beneficiary financial institution, or another intermediary financial institution.
- i. Ordering RE: Ordering RE refers to the financial institution, regulated by the RBI, which initiates the wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the originator.
- j. Originator: Originator refers to the account holder who allows the wire transfer from that account, or where there is no account, the natural or legal person that places the order with the ordering financial institution to perform the wire transfer.
- k. Serial Payment: Serial Payment refers to a direct sequential chain of payment where the wire transfer and accompanying payment message travel together from the ordering financial institution to the beneficiary financial institution directly or through one or more intermediary financial institutions (e.g., correspondent banks).
- l. Straight-through Processing: Straight-through processing refers to payment transactions that are conducted electronically without the need for manual intervention.
- m. Unique transaction reference number: Unique transaction reference number refers to a combination of letters, numbers or symbols, determined by the payment service provider, in accordance with the protocols of the payment and settlement system or messaging system used for the wire transfer.
- n. Wire transfer: Wire transfer refers to any transaction carried out on behalf of an originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary at a beneficiary financial institution, irrespective of whether the originator and the beneficiary are the same person.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1935, the Prevention of Money Laundering Act, 2002, the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and regulations made thereunder, any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

3. GENERAL

1.
 - (a) There shall be a Know Your Customer (KYC) policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.
 - (b) In terms of PML Rules, groups are required to implement group-wide policies for the purpose of discharging obligations under the provisions of Chapter IV of the PML Act, 2002. (15 of 2003). Accordingly, every RE which is part of a group, shall implement group-wide programmes against money laundering and terror financing, including group-wide policies for sharing information required for the purposes of client due diligence and money laundering and terror finance risk management and such programmes shall include adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.
 - (c) REs' policy framework should seek to ensure compliance with PML Act/Rules, including regulatory instructions in this regard and should provide a bulwark against threats arising from money laundering, terrorist financing, proliferation financing and other related risks. While ensuring compliance of the legal/regulatory requirements as above, REs may also consider adoption of best international practices taking into account the FATF standards and FATF guidance notes, for managing risks better.
2. The KYC policy at IML include following four key elements:
 - g. Customer Acceptance Policy;
 - h. Risk Management;
 - i. Customer Identification Procedures (CIP); and
 - j. Monitoring of Transactions

Money Laundering and Terrorist Financing Risk Assessment by IML:

- (a) We 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, REs shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with REs from time to time.
- (b) The risk assessment by us shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the Company. Further, the periodicity of risk assessment exercise shall be determined by the Board or any committee of the Board of the RE to which power in this regard has been delegated, in alignment with the outcome of the risk assessment exercise. However, it should be reviewed at least annually.

- (c) 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.

Designated Director:

- k. A "Designated Director" means a person designated by the RE to ensure overall compliance with the obligations imposed under Chapter IV of the PMLAct and the Rules and shall be nominated by the Board.
- l. The name, designation and address of the Designated Director shall be communicated to the FIU-IND.
- m. Further, the name, designation, address and contact details of the Designated Director shall also be communicated to the RBI.
 - n. In no case, the Principal Officer shall be nominated as the 'DesignatedDirector'.

Principal Officer:

- o. The Principal Officer shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations.
- p. The name, designation and address of the Principal Officer shall be communicated to the FIU-IND.
- q. Further, the name, designation, address and contact details of the Principal Officer shall also be communicated to the RBI.

4.RISK MANAGEMENT

For Risk Management, we shall have a risk-based approach which includes the following.

- (a) Customers shall be categorised as low, medium and high-risk category, based on the assessment and risk perception of us.
- (b) Broad principles have been laid down for risk-categorisation of customers.
- (c) Risk categorisation shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the customer's business and their location, geographical risk covering customers as well as transactions, type of products/services offered, delivery channel used for delivery of products/services, types of transaction undertaken – cash, cheque/monetary instruments, wire transfers, forex transactions, 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.
- (d) The risk categorisation of a customer and the specific reasons for such categorisation shall be kept confidential and shall not be revealed to the customer to avoid tipping off the customer.

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

Explanation: FATF Public Statement, the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), and other agencies, etc., may also be used in risk assessment.

Compliance of KYC policy

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

Customer Acceptance Policy

1. IML has developed a Customer Acceptance Policy.
2. Accordingly, we have ensured that:
 - (a) No account is opened in anonymous or fictitious/benami name.
 - (b) No account is opened where we are unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer. We will ensure filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.
 - (c) No transaction or account-based relationship is undertaken without following the CDD procedure.
 - (d) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.
 - (e) Additional information, where such information requirement has not been specified in the internal KYC Policy is obtained with the explicit consent of the customer.
 - (f) IML shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of IML desires to open another account with us, there shall be no need for a fresh CDD exercise.
 - (g) CDD Procedure is followed for all the joint account holders, while opening a joint account.
 - (h) Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
 - (i) Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists indicated in Chapter IX of this MD.
 - (j) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
 - (k) Where an equivalent e-document is obtained from the customer, IML shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
 - (l) Where Goods and Services Tax (GST) details are available, the GST numbers shall be verified from the search/verification facility of the issuing authority.

3. 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.

Where IML 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.

5. CUSTOMER IDENTIFICATION PROCEDURE (CIP)

1. IML undertakes identification of customers in the following cases:
 - (a) Commencement of an account-based relationship with the customer.
 - (b) Carrying out any international money transfer operations for a person who is not an account holder of IML.
 - (c) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
 - (d) Selling third party products as agents, selling their own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for more than rupees fifty thousand.
 - (e) Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.
 - (f) When we have reason to believe that a customer (account-based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.
 - (g) We shall ensure that introduction is not to be sought while opening accounts.
2. For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, we rely on customer due diligence done by a third party, subject to the following conditions:
 - (a) Records or the information of the customer due diligence carried out by the third party is obtained immediately from the third party or from the Central KYC Records Registry.
 - (b) Adequate steps are taken by us to satisfy ourselves that copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available from the third party upon request without delay.
 - (c) The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the PML Act.
 - (d) The third party shall not be based in a country or jurisdiction assessed as high risk.
 - (e) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the IML.

Purchase of foreign exchange from customers

- i) For purchase of foreign currency notes from customers for any amount less than Rs. 50,000 or its equivalent, photocopies of the identification document would not be obtained. However, full details of the identification document would be maintained. If the authorized person (AP) has reason to believe that a customer is intentionally structuring a transaction into a series of transactions below the threshold of Rs.50,000, the AP should verify identity and address of Customer and also consider filing of suspicious transaction report to FIU-IND.
- ii) For purchase of foreign currency notes from customers for any amount in excess of Rs.50,000 or its equivalent, the identification documents, as mentioned at (F-Part-II) annexed to these guidelines, would be verified and a copy retained.
- iii)
 - (a) Requests for payment in cash in Indian Rupees to resident customers towards purchase of foreign currency notes and/ or Travelers' Cheques from them may be acceded to the extent of only US \$ 1000 or its equivalent per transaction.
 - (b) Requests for payment in cash by foreign visitors / Non-Resident Indians may be acceded to the extent of only US \$ 3000 or its equivalent.
 - (c) All purchases within one month from the date of purchase would be treated as single transaction for the above purpose and also for reporting purposes.
 - (d) In all other cases, IML would make payment by way of 'Account Payee' cheque/ demand draft only.
- iv) Where the amount of forex tendered for encashment by a non-resident or a person returning from abroad exceeds the limits prescribed for Currency Declaration Form (CDF), IML would invariably insist for production of the declaration in CDF.
- v) In case of any suspicion of money laundering or terrorist financing, irrespective of the amount involved, enhanced Customer Due Diligence (CDD) would be applied.

Sale of foreign exchange to customers

- (i) **In** all cases of sale of foreign exchange, irrespective of the amount involved, for identification purpose the passport of the customer would be insisted upon and sale of foreign exchange would be made only on personal application and after verification of the identification document. A copy of the identification document would be retained by IML.
- (ii) Payment in excess of Rs.50,000 towards sale of foreign exchange would be received only by crossed cheque drawn on the bank account of the applicant's firm/ company sponsoring the visit of the applicant / Banker's cheque / Pay Order / Demand Draft.
- (iii) All sales to a person within one month from the date of sales may be treated as single transaction for the above purpose and also for reporting purposes.
- (iv) Encashment Certificate, wherever required, would also be insisted upon.

Facility for individuals

Individuals can avail of foreign exchange facility for the following purposes within the limit of USD 2,50,000 only. Any additional remittance in excess of the said limit for the following purposes shall require prior approval of Reserve Bank of India.

- (i) Private visit to any country (except Nepal and Bhutan)
- (ii) Gift or donation
- (iii) Going abroad for employment
- (iv) Emigration
- (v) Maintenance of close relative abroad
- (vi) Travel for business, or attending a conference or specialized training or for meeting expenses or for meeting medical expenses or checkup abroad or for accompanying as attendant to a patient going abroad for medical treatment/ check up
- (vii) Expense in connection with medical treatment abroad
- (viii) Studies abroad
- (ix) Any other current account transaction

6. CUSTOMER DUE DILIGENCE (CDD) PROCEDURE

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

For undertaking CDD, IML 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) the Aadhaar number where,
 - (i) 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); or
 - (ii) he decides to submit his Aadhaar number voluntarily to us under first proviso to sub-section (1) of section 11A of the PML Act; or
- (aa) the proof of possession of Aadhaar number where offline verification can be carried out; or
- (ab) the proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; or
- (ac) the KYC Identifier with an explicit consent to download records from CKYCR; and
- (b) the Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and
- (c) such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as maybe required by the us:

Provided that where the customer has submitted,

- i) Aadhaar number under clause (a) above to us which is notified under first proviso to sub-section (1) of section 11A of the PML Act, we shall carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India. Further, in such a case, if customer wants to provide a

current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect to IML.

ii) proof of possession of Aadhaar under clause (aa) above where offline verification can be carried out, IML shall carry out offline verification.

iii) an equivalent e-document of any OVD, we shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issued thereunder and take a live photo as specified under [Annex I](#).

iv) any OVD or proof of possession of Aadhaar number under clause (ab) above where offline verification cannot be carried out, we shall carry out verification through digital KYC as specified under [Annex I](#).

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

Provided that for a period not beyond such date as may be notified by the Government for a class of REs, instead of carrying out digital KYC, IML shall obtain a certified copy of the proof of possession of Aadhaar number or the OVD and a recent photograph where an equivalent e-document is not submitted.

Provided further that in case e-KYC authentication cannot be performed for an individual desirous of receiving any benefit or subsidy under any scheme notified

under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 owing to injury, illness or infirmity on account of old age or otherwise, and similar causes, we shall, apart from obtaining the Aadhaar number, perform identification preferably by carrying out offline verification or alternatively by obtaining the certified copy of any other OVD or the equivalent e-document thereof from the customer. CDD done in this manner shall invariably be carried out by an official of the IML and such exception handling shall also be a part of the concurrent audit as mandated in Section 8. REs shall ensure to duly record the cases of exception handling in a centralised exception database. The database shall contain the details of grounds of granting exception, customer details, name of the designated official authorising the exception and additional details, if any. The database shall be subjected to periodic internal audit/inspection by the us and shall be available for supervisory review.

Explanation 1: IML shall, where its customer submits a proof of possession of Aadhaar Number containing Aadhaar Number, ensure that such customer redacts or blacks out his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required as per proviso (i) above.

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

Explanation 3: The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, 2016 and the regulations made thereunder.

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

- i. There is a specific consent from the customer for authentication through OTP.
- ii. As a risk-mitigating measure for such accounts, we shall ensure that transaction alerts, OTP, etc., are sent only to the mobile number of the customer registered with Aadhaar. We shall have a board approved policy delineating a robust process of due diligence for dealing with requests for change of mobile number in such accounts.
- iii. The aggregate balance of all the deposit accounts of the customer shall not exceed rupees one lakh. In case, the balance exceeds the threshold, the account shall cease to be operational, till CDD as mentioned at (vi) below is complete.
- iv. The aggregate of all credits in a financial year, in all the deposit accounts taken together, shall not exceed rupees two lakh.
- v. As regards borrowal accounts, only term loans shall be sanctioned. The aggregate amount of term loans sanctioned shall not exceed rupees sixty thousand in a year.
- vi. Accounts, both deposit and borrowal, opened using OTP based e-KYC shall not be allowed for more than one year unless identification as per Section 16 or as per Section 18 (V-CIP) is carried out. If Aadhaar details are used under Section 18, the process shall be followed in its entirety including fresh Aadhaar OTP authentication.
- vii. If the CDD procedure as mentioned above is not completed within a year, in respect of deposit accounts, the same shall be closed immediately. In respect of borrowal accounts no further debits shall be allowed.
- viii. A declaration shall be obtained from the customer to the effect that no other account has been opened nor will be opened using OTP based KYC in non-face-to-face mode with any other RE. Further, while uploading KYC information to CKYCR, we shall clearly indicate that such accounts are opened using OTP based e-KYC and other REs shall not open accounts based on the KYC information of accounts opened with OTP based e-KYC procedure in non-face-to-face mode.
- ix. IML shall have strict monitoring procedures including systems to generate alerts in case of any non-compliance/violation, to ensure compliance with the above-mentioned conditions.

IML undertake V-CIP to carry out:

- i) CDD in case of new customer on-boarding for individual customers, proprietor in case of proprietorship firm, authorised signatories and Beneficial Owners (BOs) in case of Legal Entity (LE) customers.
Provided that in case of CDD of a proprietorship firm, we shall also obtain the equivalent e-document of the activity proofs with respect to the proprietorship firm, as mentioned in Section 28 and Section 29, apart from undertaking CDD of the proprietor.
 - ii) Conversion of existing accounts opened in non-face to face mode using Aadhaar OTP based e-KYC authentication as per Section 17.
 - iii) Updation/Periodic updation of KYC for eligible customers.
-
- i) If the address of the customer is different from that indicated in the OVD, suitable records of the current address shall be captured, as per the existing requirement. It shall be ensured that the economic and financial profile/information submitted by the customer is also confirmed from the customer undertaking the V-CIP in a suitable

manner.

- ii) We 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 including through Digi Locker.
 - iii) Use of printed copy of equivalent e-document including e-PAN is not valid for the V-CIP.
 - iv) The authorised official of IML shall ensure that photograph of the customer in the Aadhaar/OVD and PAN/e-PAN matches with the customer undertaking the V-CIP and the identification details in Aadhaar/OVD and PAN/e-PAN shall match with the details provided by the customer.
 - v) Assisted V-CIP shall be permissible when banks take help of Business Correspondents (BCs) facilitating the process only at the customer end. Banks shall maintain the details of the BC assisting the customer, where services of BCs are utilized. The ultimate responsibility for customer due diligence will be with the bank.
 - vi) All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process and its acceptability of the outcome.
 - vii) All matters not specified under the paragraph but required under other statutes such as the Information Technology (IT) Act shall be appropriately complied with by IML.
-
- (a) 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.
 - (b) 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.

Simplified procedure for opening accounts: In case a person who desires to open an account is not able to produce documents, as specified in Section 16, we permit opening of accounts subject to the following conditions:

- (a) We shall obtain a self-attested photograph from the customer.
- (b) The designated officer of IML certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence.
- (c) The account shall remain operational initially for a period of twelve months, within which CDD as per Section 16 or Section 18 shall be carried out.
- (d) Balances in all their accounts taken together shall not exceed rupees fifty thousand at any point of time.
- (e) The total credit in all the accounts taken together shall not exceed rupees one lakh in a year.
- (f) The customer shall be made aware that no further transactions will be permitted until the full KYC procedure is completed in case Directions (d) and (e) above are breached by him.
- (g) The customer shall be notified when the balance reaches rupees forty thousand or the total credit in a year reaches rupees eighty thousand that appropriate documents for conducting the KYC must be submitted otherwise the operations in the account shall be stopped when the total balance in all the accounts taken together exceeds the limits prescribed in direction (d) and (e) above.
- (h) The account shall be monitored and when there is suspicion of ML/TF activities or other high-risk scenarios, the identity of the customer shall be established as per Section 16 or Section 18.

Part II - CDD Measures for Sole Proprietary firms

1. For opening an account in the name of a sole proprietary firm, CDD of the individual (proprietor) shall be carried out.
2. In addition to the above, any two of the following documents or the equivalent e-documents there of 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/licence issued by the municipal authorities under Shop and Establishment Act
 - (c) Sales 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 Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute
 - (g) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities
 - (h) Utility bills such as electricity, water, landline telephone bills, etc.
3. In cases where we are satisfied that it is not possible to furnish two such documents, we at our discretion, accept only one of those documents as proof of business/activity.
4. In such case we do contact point verification and collect such other information and clarification as would be required to establish the existence of such firm, and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.

Part III- CDD Measures for Legal Entities

1. 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.
2. 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.
- 3.** For opening an account of a trust, 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.
- 4.** 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 RE to collectively establish the legal existence of such an association or body of individuals.
- Explanation: Unregistered trusts/partnership firms shall be included under the term 'unincorporated association'.
- Explanation: Term 'body of individuals' includes societies.
- 5.** For opening account 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 RE to establish the legal existence of such an entity/juridical person.

Provided that in case of a trust, the RE shall ensure that trustees disclose their status at the time of commencement of an account-based relationship or when carrying out transactions as specified in clauses (b), (e) and (f) of Section 13 of this MD.

Part IV - Identification of Beneficial Owner

1. For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps in terms of sub-rule (3) of Rule 9 of the Rules to verify his/her identity shall be undertaken keeping in view the following:
 - (a) Where the customer or the owner of the controlling interest is (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.
 - (b) In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

Part V - On-going Due Diligence

1. IML shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile, the source of funds / wealth.

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

2. The extent of monitoring shall be aligned with the risk category of the customer.
Explanation: High risk accounts have to be subjected to more intensified monitoring.
 - a. A system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.

3. Updation / Periodic Updation of KYC

IML shall adopt a risk-based approach for periodic updation of KYC ensuring that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high risk. However, 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. Policy in this regard shall be documented as part of our internal KYC policy duly approved by the Board of Directors or any committee of the Board to which

power has been delegated.

a) Individuals:

- i. **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 us, customer's mobile number registered with us.
- ii. **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 us, customer's mobile number registered with us 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.
Further, IML shall obtain a copy of OVD or deemed OVD, as defined in Section 3(a)(xiv), or the equivalent e-documents thereof, as defined in Section 3(a)(x), for the purpose of proof of address, declared by the customer at the time of periodic updation. Such requirement, however, shall be clearly specified by us in their internal KYC policy duly approved by the Board of Directors or any committee of the Board to which power has been delegated.
- iii. **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 us. Wherever required, we shall carry out fresh KYC of such customers i.e., customers for whom account was opened when they were minor, on their becoming a major.
- iv. Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. We shall ensure that the mobile number for Aadhaar authentication is same as the one available with them in the customer's profile, in order to prevent any fraud.

b) Customers other than individuals:

- i. **No change in KYC information:** In case of no change in the KYC information of the LE customer, a self-declaration in this regard shall be obtained from the LE customer through its email id registered with us,
 - ii. **Change in KYC information:** In case of change in KYC information, we shall undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.
- c) **Additional measures:** In addition to the above, we shall ensure that,
- i. 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 us are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the us has expired at the time of periodic updation of KYC, we shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.
 - ii. Customer's PAN details, if available with the us, is verified from the database of the issuing authority at the time of periodic updation of KYC.
 - iii. Acknowledgment 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 IML and an intimation, mentioning the date of updation of KYC details, is provided to the customer.

- iv. In order to ensure customer convenience, we have ensured making available the facility of periodic updation of KYC at any branch, in terms of their internal KYC policy duly approved by the Board of Directors or any committee of the Board to which power has been delegated.
 - v. IML 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 us 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 IML where account is maintained, a more frequent periodicity of KYC updation than the minimum specified periodicity etc., shall be clearly specified in the internal KYC policy duly approved by the Board of Directors or any committee of the Board to which power has been delegated.
- d) IML 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 us 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 our end.
4. In case of existing customers, IML shall obtain the Permanent Account Number or equivalent e-document thereof or Form No. 60, by such date as may be notified by the Central Government, failing which we shall temporarily cease operations in the account till the time the Permanent Account Number or equivalent e-documents thereof or Form No. 60 is submitted by the customer.

Provided that before temporarily ceasing operations for an account, IML shall give the customer an accessible notice and a reasonable opportunity to be heard. Further, we shall include, in its internal policy, appropriate relaxation(s) for continued operation of accounts for customers who are unable to provide Permanent Account Number or equivalent e-document thereof or Form No. 60 owing to injury, illness or infirmity on account of old age or otherwise, and such like causes. Such accounts shall, however, be subject to enhanced monitoring.

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

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

Part VI - Enhanced and Simplified Due Diligence Procedure

Enhanced Due Diligence

Enhanced Due Diligence (EDD) for non-face-to-face customer onboarding (other than customer onboarding in terms of Section 17): Non-face-to-face onboarding facilitates the us to establish relationship with the customer without meeting the customer physically or through V-CIP. Such non- face-to-face modes for the purpose of this Section includes use of digital channels such as CKYCR, Digi Locker, equivalent e-document, etc., and non- digital modes such as obtaining copy of OVD certified by additional certifying authorities as allowed for NRIs and PIOs. Following EDD measures shall be undertaken by us for non-face-to-face customer onboarding (other than customer onboarding in terms of Section 17):

- a) In process of V-CIP, the same shall be provided as the first option to the customer for remote onboarding. It is reiterated that processes complying with prescribed standards and procedures for V-CIP shall be treated on par with face-to-face CIP for the purpose of this Master Direction.
- b) In order to prevent frauds, alternate mobile numbers shall not be linked post CDD with such accounts for transaction OTP, transaction updates, etc. Transactions shall be permitted only from the mobile number used for account opening. IML shall have a Board approved policy delineating a robust process of due diligence for dealing with requests for change of registered mobile number.
- c) Apart from obtaining the current address proof, we shall verify the current address through positive confirmation before allowing operations in the account. Positive confirmation may be carried out by means such as address verification letter, contact point verification, deliverables, etc.
- d) We shall obtain PAN from the customer and the PAN shall be verified from the verification facility of the issuing authority.
- e) First transaction in such accounts shall be a credit from existing KYC-complied bank account of the customer.
- f) Such customers shall be categorized as high-risk customers and accounts opened in non-face to face mode shall be subjected to enhanced monitoring until the identity of the customer is verified in face-to-face manner or through V-CIP.

Accounts of Politically Exposed Persons (PEPs)

- A. We 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) We 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 IML 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.

Client accounts opened by professional intermediaries:

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

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

7. RECORD MANAGEMENT

The following steps shall be taken regarding maintenance, preservation and reporting of customer information, with reference to provisions of PML Act and Rules. IML shall,

- (a) maintain all necessary records of transactions between the RE and the customer, both domestic and international, for at least five years from the date of transaction;
- (b) preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;
- (c) make available swiftly, the identification records and transaction data to the competent authorities upon request;
- (d) introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
- (e) maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:
 - (i) the nature of the transactions;
 - (ii) the amount of the transaction and the currency in which it was denominated;
 - (iii) the date on which the transaction was conducted; and
 - (iv) the parties to the transaction.

- (f) evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;
- (g) maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

Explanation. – For the purpose of this Section, 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.

IML 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, we shall register the details on the DARPAN Portal. We 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.

Combating Financing of Terrorism

The United Nations periodically circulates the following two lists of individuals and entities, suspected of having terrorist links, and as approved by its Security Council (UNSC).

(a) **The "Al-Qaida Sanctions List"**, includes names of individuals and entities associated with the Al-Qaida. The Updated Al-Qaida Sanctions List is available at http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.

(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 <http://www.un.org/sc/committees/1988/list.shtml>.

The United Nations Security Council Resolutions (UNSCRs), received from Government of India, are circulated by the Reserve Bank to all banks and FIs. Banks/FIs are required to update the lists and take them into account for implementation of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967, discussed below. Banks/FIs should ensure that they do not have any account in the name of individuals/entities appearing in the above lists. Details of accounts resembling any of the individuals/entities in the list should be reported to FIU-IND.

(i) Reporting to Financial Intelligence Unit – India

- a)** In terms of the PML rules, IML would report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) in respect of transactions referred to in Rule 3 at the following address:

The Director,
Financial Intelligence Unit-India (FIU-IND) 6th Floor,
Hotel Samrat, Chanakyapuri, **New Delhi-110021**.
Website - <http://fiuindia.gov.in/>

8. REPORTING REQUIREMENTS TO FINANCIAL INTELLIGENCE UNIT - INDIA

- 1.** We 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.1

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

2. 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 us which are yet to install/adopt suitable technological tools for extracting CTR/STR from their live transaction data.
3. 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 mis-represented transaction beyond the time limit as specified in the Rule shall be constituted as a separate violation. IML shall not put any restriction on operations in the accounts merely on the basis of the STR filed.

All at IML, its 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 Section 4(b) of this Master Direction of any analysis of transactions and activities which appear unusual, if any such analysis has been done.

4. Robust software, throwing alerts when the transactions are inconsistent with risk categorization and updated profile of the customers is to be put in to use as a part of effective identification and reporting of suspicious transactions.

Requirements/obligations under International Agreements - Communications from International Agencies

1. Obligations under the Unlawful Activities (Prevention) (UAPA) Act, 1967:

(a) IML 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:

- i. The **"ISIL (Da'esh) & Al-Qaida Sanctions List"**, established and maintained pursuant to Security Council resolutions 1267/1989/2253, which includes names of individuals and entities associated with the Al-Qaida is available at <https://scsanctions.un.org/ohz5jen-al-qaida.html>
- ii. The **"Taliban Sanctions List"**, established and maintained pursuant to Security Council resolution 1988 (2011), which includes names of individuals and entities associated with the Taliban is available at <https://scsanctions.un.org/3ppp1en-taliban.htm>

We shall also ensure to refer to the lists as available in the Schedules to the Prevention

and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as amended from time to time. The aforementioned lists, i.e., UNSC Sanctions Lists and lists as available in the Schedules to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as amended from time to time, shall be verified on daily basis and any modifications to the lists in terms of additions, deletions or other changes shall be taken into account by IML for meticulous compliance.

- (b) 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 (MHA) as required under UAPA notification dated ¹²¹February 2, 2021 ([Annex II](#) of this Master Direction).
- (c) Freezing of Assets under Section 51A of UAPA, 1967: The procedure laid down in the UAPA Order dated ¹²²February 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.

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

- a. We 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).
- b. In accordance with paragraph 3 of the aforementioned Order, we shall ensure not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list.
- c. Further, we 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.
- d. In case of match in the above cases, we 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.

We understand that in terms of Paragraph 1 of the Order, Director, FIU-India has been designated as the CNO.

- e. IML shall refer to the designated list, as amended from time to time, available on the portal of FIU-India.
- f. 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, we shall prevent such individual/entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post, without delay.
- g. In case an order to freeze assets under Section 12A is received by us from the CNO, we shall, without delay, take necessary action to comply with the Order.
- h. 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.

We 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.

3. In addition to the above, we 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.
4. We 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 FAT Recommendations

- a. FATF Statements circulated by Reserve Bank of India from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered. IML shall apply enhanced due diligence measures, which are effective and proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.
- b. Special attention shall be given to business relationships and transactions with persons (including legal persons and other financial institutions) from or in countries that do not or insufficiently apply the FATF Recommendations and jurisdictions included in FATF Statements.
Explanation: The processes referred to in (a) & (b) above do not preclude us from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statement.
- c. The background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in FATF Statements and countries that do not or insufficiently apply the FATF Recommendations shall be examined, and written findings together with all documents shall be retained and shall be made available to Reserve Bank/other relevant authorities, on request.

We understand that we are encouraged to leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements.

9. OTHER INSTRUCTIONS

Secrecy Obligations and Sharing of Information:

- (a) IML shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the RE 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, REs 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 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 RE requires disclosure and
 - iv. Where the disclosure is made with the express or implied consent of the customer.

Quoting of PAN

Permanent account number (PAN) or equivalent e-document thereof 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.

Designated Director:

IML may nominate a Director on their Boards as "designated Director", as required under provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (Rules), to ensure compliance with the obligations under the Act and Rules. The name, designation and address of the Designated Director may be communicated to the FIU-IND. In no case, the Principal Officer should be nominated as the 'Designated Director'.

The detail of the Designated Director is given below:

Mr. Mohanan Gopalakrishnan, Managing Director
Indel Money Limited, Indel House, Changampuzha Nagar, Kochi - 682033, Kerala

Principal Officer:

IML may appoint a senior officer as Principal Officer (PO). The PO should be independent and report directly to the senior management or to the Board of Directors. The PO shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations. The name, designation and address of the Principal Officer may be communicated to the FIU-IND.

The details of the Principal Officer is given below:

Mr. Umesh Mohanan, Executive Director & CEO
Indel Money Limited, Indel House, Changampuzha Nagar, Kochi - 682033, Kerala

Hiring of Employees and Employee training

- (a) Adequate screening mechanism, including Know Your Employee / Staff policy, as an integral part of their personnel recruitment/hiring process shall be put in place.
- (b) We shall endeavour to ensure that the staff dealing with / being deployed for KYC/AML/CFT matters have: high integrity and ethical standards, good understanding of extant KYC/AML/CFT standards, effective communication skills and

ability to keep up with the changing KYC/AML/CFT landscape, nationally and internationally. REs shall also strive to develop an environment which fosters open communication and high integrity amongst the staff.

- (c) 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 the RE, regulation and related issues shall be ensured.

Review of the Policy:

This policy shall be reviewed at least once in a year