



# **KIFS Housing Finance Limited**

## **Anti-Money Laundering Policy and KYC Norms**

**Version 1.1 November, 2024**

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## **Chapter 1: Introduction**

With reference to the guidelines regarding ‘Know Your Customer’ norms issued by the Reserve Bank of India (“RBI”) in terms of its Circulars No. RBI/DBR/2015-16/18 Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 wherein Housing Finance Companies (HFCs) were advised to follow certain customer identification procedure for opening of accounts and monitoring transactions of suspicious nature for the purpose of reporting it to appropriate authority, KIFS Housing Finance Limited has adhered to the guidelines of Reserve Bank of India.

## **Chapter 2: Background**

The Recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT) standards have become the international benchmark for framing Anti Money Laundering and combating financing of terrorism policies by the regulatory authorities. Compliance with these standards both by the banks/financial institutions, including HFCs, has become necessary for international financial relationships. The Reserve Bank of India(RBI) has issued revised set of comprehensive ‘Know Your Customer’ Guidelines to all Non-Banking Financial Companies (NBFCs), Miscellaneous Non-Banking Companies and Residuary Non-Banking Companies in the context of the recommendations made by the Financial Action Task Force(FATF) and Anti Money Laundering (AML) standards and combating financing of terrorism policies by the regulatory authorities and advised all NBFCs to adopt the same with suitable modifications depending on the activity undertaken by them and ensure that a proper policy framework on KYC and AML measures are formulated and put in place with the approval of their respective Boards. The ‘Know Your Customer’ Guidelines issued by the National Housing Bank for HFCs have been drafted and issued in the above context.

### **Chapter 3: Objective**

The key objective of the Policy is to ensure that the KIFS's money is not used intentionally or unintentionally, directly or indirectly, for any unlawful and prohibited activities or purpose particularly those which are covered by Prevention of Money Laundering Act, 2002 (PMLA). At the same time the Policy will also enable the Company to have more transparent and specific information about their customers and their financial dealings which will enable the Company to effectively determine risk level involved in different Loan transactions and will help the Company to undertake effective risk management.

The KYC policy shall include the following four elements:

1. Customer Acceptance Policy
2. Customer Identification Procedures (CIP)
3. Monitoring of Transactions
4. Risk Management

### **Chapter 4: Applicability**

The Know Your Customer and Anti-Money Laundering (the Policy) applies to KIFS Housing Finance (KIFS or the Company). The Policy also applies to any third parties relied upon or used by the Company to perform any of the requirements of its Anti-Money Laundering (AML) Program. This policy will be reviewed annually or on the basis of any material change in the regulatory requirements or business operations of the Company.

Further, Company shall comply circulars/notifications. Directors or any material change as and when updated by the regulator.

The said policy & measures will enable the company to know and understand its customers and their financial dealings better which in turn will help it manage risks prudently. The policy and measures will further help in preventing the company being used, intentionally or unintentionally by unscrupulous and criminal elements for money laundering activities.

This Policy establishes minimum requirements for the Company to establish, implement, and maintain an AML Program that is reasonably designed to (a) implement this Policy and (b) to ensure compliance with applicable AML laws, rules and regulations.

## **Chapter 5: KYC Norms**

### **5.1 Customer Acceptance Policy (CAP)**

The KIFS has evolved a Customer Acceptance Policy (CAP) which lays down the criteria for the acceptance of Customers. In line with the RBI guidelines on “Know Your Customer Guidelines & Anti Money Laundering Standards”, the Company has formulated Customer Acceptance Policy (CAP) which lays down the broad criteria for acceptance of customers which forms an integral part of the Group AML Policy.

#### **5.1.1 The features of the CAP are detailed below:**

- No account is opened in anonymous or fictitious/benami name(s);
- Customers are all assessed for location of residence, business if any including type of clients and also the mode of transactions and payments;
- Volume of turnover, social and financial status, etc. to enable categorization of customers into low, medium and high risk (these customers will require very high level of monitoring). Currently given the size of our loans and type of clients we deal with, all our customers are considered low risk;
- Documentation requirements and other information collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of PML Act, 2002 and guidelines issued from time to time;
- The company will not open an account or close an existing account where it is unable to apply appropriate customer due diligence measures, i.e. where KIFS is unable to verify the identity and /or obtain documents required as per the risk categorization due to non-co-operation of the customer or non-reliability of the data/information furnished. However, KIFS will have suitable built-in safeguards to avoid harassment of the customer. If a decision to close an account is taken by the KIFS then due notice will be given to customer explaining the reason for such a decision.

- Circumstances, in which a customer is permitted to act on behalf of another person/entity, will be clearly spelt out in conformity with the established law and practices, as there could be occasions when an account is operated by a mandate holder or where an account may be opened by an intermediary in a fiduciary capacity, and
- Checks against any notified list of the RBI or any other regulator, before accepting a customer, to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, etc.
- KIFS applies the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of the company desires to open another account or avail any other product or service from the same company, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned.

The aspects mentioned in the CAP would be reckoned while evolving the KYC/AML procedures for various customers/products. However, while developing the KYC/CDD procedures, the Company shall ensure that its procedures do not become too restrictive or pose significant difficulties in availing its services by deserving general public, especially the financially and socially disadvantaged sections of society.

- The company will prepare a profile for each new customer which may contain information relating to the customer's identity, social/financial status, nature of business activity, information about his clients' business and their location, etc. The nature and extent of due diligence will depend on the risk perceived by KIFS. However, while preparing the customer profile, KIFS will seek only such information from the customer which is relevant to the risk category and is not intrusive. The customer profile will be a confidential document and details contained therein will not be divulged for cross selling or any other purposes.
- Given the nature of our business - small ticket loans to low and middle income, informal and financially excluded families - we have categorized our customers under following parameters.

### **1) High Risk Customer:**

High risk customer shall typically include:

- Non-resident customers
- High net-worth individuals
- Trusts, charities, NGOs and organizations receiving donations,
- Companies having close family shareholding or beneficial ownership,
- Firms with sleeping partners
- Politically exposed persons (PEPs)
- Non face to face to customers (Digital on boarding)
- Persons with dubious reputation as per public information available.
- Persons whose sources of income are not clear (if variable income is more than 100% of total fixed income)

### **2) Medium Risk Customers:**

The medium risk customer shall be categorized on the basis:

- Nature of employment, as defined in the Negative list in the credit policy.
- Whose Salary structure is not well defined and income is variable in nature (if variable income is more than 50% of total fixed income)
- Migrated profiles as defined in credit policy

### **3) Low Risk Customer:**

Low Risk customers are those individuals and entities whose identity and source of wealth can be easily identified and the transactions in whose accounts by and large conform to known profile. Low – risk customers shall include

- Salaried employees in Government departments/ Govt. owned companies’ regulators and statutory bodies etc.
- Salaried employees in private sector whose salary structures are well defined.
- Self-employed customers whose income can be assessed either through income documents or through assessed cashflow.



It is important to bear in mind that the adoption of Customer Acceptance Policy and its implementation will not result in denial of KIFS's services to the general public, especially to those who are financially or socially disadvantaged.

## **5.2 Customer Identification Procedures:**

- KIFS follows a clear RBI guidelines on the Customer Identification Procedure to be carried out at different stages, i.e. while establishing a relationship; carrying out a financial transaction or when KIFS has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data. Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information. KIFS obtains a sufficient information necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship. Being satisfied means that KIFS satisfies the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place. Besides risk perception, the nature of information/documents required would also depend on the type of customer (individual, corporate etc). For customers that are natural persons, which will be most of its clients, KIFS obtains a sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph. For customers that are legal persons or entities (very unlikely to be a customer except for project finance to construction companies), KIFS will:
  - a. verify the legal status of the legal person/ entity through proper and relevant documents;
  - b. verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person; and
  - c. understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person.

Where KIFS is unable to apply appropriate KYC measures due to non-furnishing of information and /or non-cooperation by the customer, KIFS considers closing the account or terminating the business relationship after issuing due notice to the customer explaining the reasons for taking such a decision.

### **5.3 Monitoring of Transactions:**

Ongoing monitoring is an essential element of effective KYC procedures. KIFS can effectively control and reduce its risk only if it has an understanding of the normal and reasonable activity of the customer so that it can identify transactions that fall outside the regular pattern. However, the extent of monitoring will depend on the risk sensitivity of the account. Since KIFS will not have any deposit accounts, this situation will hardly arise, but KIFS will in any case pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose, or transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer. KIFS will put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures. KIFS will ensure that a record of transactions in the accounts is preserved and maintained as required in terms of section 12 of the PML Act, 2002 (and the Amended Act, 2009). It will also ensure that transactions of suspicious nature and/or any other type of transaction notified under section 12 of the PML Act, 2002 (and the Amended Act, 2009), is reported to the appropriate law enforcement authority.

### **5.4 Risk Management**

The Board of Directors of KIFS has ensured that an effective KYC program is in place and has established appropriate procedures and is overseeing its effective implementation. The program covers proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility has been explicitly allocated within KIFS to ensure that KIFS's policies and procedures are implemented effectively. The Board of KIFS is aware that while all customers will be of low risk profile given the nature of its business, unless belonging to a higher risk profile listed under 5.2 above and approved as an exception, it will apply various Anti Money Laundering measures keeping in view the risks involved in a transaction, account or business relationship.

KIFS's Board -through its Audit Committee will directly evaluate and ensure adherence to the KYC policies and procedures, including legal and regulatory requirements.

KIFS has already ensured that its front line staff and credit staff are aware that no loan accounts will be created unless the KYC procedures are adhered to completely.

## **Chapter 6: Customer Due Diligence Procedure (CDD)**

### **6.1 CDD in case of Individuals:**

1) While undertaking CDD, following information will be obtained from an individual while establishing an account-based relationship with an 'Individual' or 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 Act 2016 (18 of 2016); or
- ii. The customer decides to submit his Aadhaar number voluntarily to a bank or any RE notified 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

2) PAN or equivalent e-document thereof or Form No. 60 as defined in Income-Tax Rules, 1962, and

3) Such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the Company

4) Provided that here the customer has submitted:

- Aadhaar number under clause (a), notified under first proviso to sub-section (1) of section 11A of the PML Act, KIFS carries 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, self-declaration (**Annexure II**) to that effect must be obtained from the customer.

- The proof of possession of Aadhaar number under clause (aa) above where offline verification can be carried out, the Company shall carry out offline verification.
- An equivalent e-document of any OVD, the Company shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issues KIFS – KYC Policy Version 1.1, thereunder and take a live photo as specified under Digital KYC Process rules and regulations (**Annexure I**).
- Any OVD or proof of possession of Aadhaar number under clause (ab) above where offline verification cannot be carried out, the Company shall carry out verification through Digital KYC as specified by the rules and regulations reproduced under **Annexure I**.
- KYC Identifier under clause (ac) above, the Company shall retrieve the KYC records online from the CKYCR in accordance with Section 23. Provided that for a period not beyond such date as may be notified by the Government for a class of company, instead of carrying out digital KYC, the Company may 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.

5) List of Officially Valid Documents:

- a) Passport,
- b) Driving License,
- c) Voter's Identity Card issued by Election Commission of India,
- d) Proof of possession of Aadhaar Number\*, i.e. Aadhaar letter, Aadhaar Letter downloaded from UIDAI website (e-Aadhaar), Aadhaar Card, Aadhaar Secure QR Code, Aadhaar Paperless Offline e-KYC (an XML document generated by the UIDAI),  
\*(Ensure to redact/ blacken only the First Eight Digits of Aadhaar No. (on copy of Aadhaar Letter/ Aadhaar Card obtained)
- e) Job Card issued by NREGA duly signed by an officer of the State Government,
- f) Letter issued by the National Population Register containing details of Name, Address of the customer having photograph of the card holder.

6) In case the OVD furnished by the customer does not contain updated address, the following documents or the equivalent e-documents thereof shall be Deemed to be OVDs (DOVD) for the limited purpose of Proof of Address: -

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

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

Provided further that the customer shall submit updated OVD with current address within a period of three months of submitting the above documents.

7) A customer already having an account-based relationship with the Company, submits his Permanent Account Number or Form No.60, on such date as may be notified by the Central Government, failing which the account shall temporarily ceased to be operational till the time the Permanent Account Number or Form No. 60 is submitted by the customer. Provided that before temporarily ceasing operations for an account, Company shall give the customer an accessible notice and a reasonable opportunity to be heard.

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

customer. The Company duly inform the customer about this provision while opening the account.

9) List of the nature and type of documents/ information that may be relied upon for customer identification pertaining to Individuals, Sole Proprietary Firms, Legal Entities-Company, Partnership Firm, Trust, Unincorporated Association/Body of Individuals, Juridical Persons, BO is given in the Customer Due Diligence procedure (Chapter 6).

10) Video Customer Identification Process (V-CIP) The Company may undertake live V-CIP, carried out by an official of KIFS, for establishment of an account-based relationship with an individual customer, after obtaining his informed consent. The guidelines for carrying out V-CIP is given at Annexure II.

11) Accounts Opened using OTP based e-KYC, in non-face-to-face mode: The Company does not open accounts based on the KYC documents downloaded from CKYCR where the other Regulated entity has opened account through OTP based e-KYC procedure in non-face-to-face mode. All the required KYC documents will be obtained from the customer in case any account is to be opened based on documents downloaded from CKYCR.

## **6.2 CDD in case of Sole Proprietary Firm:**

- For opening an account in the name of a sole proprietary firm, CDD of the individual (proprietor) is carried out.
- In addition to the above, any two of the following documents or the equivalent e-documents thereof as a proof of business/ activity in the name of the proprietary firm to be obtained:
  - ✓ Registration certificate including Udyam Registration Certificate (URC) issued by the Government
  - ✓ Certificate/licence issued by the municipal authorities under Shop and Establishment Act
  - ✓ Sales and income tax returns
  - ✓ 82CST/VAT/ GST certificate
  - ✓ Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities

- ✓ 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
- ✓ 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
- ✓ Utility bills such as electricity, water, and landline telephone bills, etc.

### **6.3 CDD in case of Legal Entities:**

#### **6.3.1 CDD of a Company:**

- For opening an account of a company, certified copies of each of the following documents or the equivalent e-documents thereof to be obtained:
  - ✓ Certificate of incorporation
  - ✓ Memorandum and Articles of Association
  - ✓ Permanent Account Number of the company
  - ✓ A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf
  - ✓ Documents, as specified, relating to beneficial owner, the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf
  - ✓ the names of the relevant persons holding senior management position; and
  - ✓ the registered office and the principal place of its business, if it is different.

#### **6.3.2 CDD of a Partnership Firm:**

- For opening an account of a partnership firm, the certified copies of each of the following documents or the equivalent e-documents thereof to be obtained:
  - ✓ Registration certificate
  - ✓ Partnership deed
  - ✓ Permanent Account Number of the partnership firm
  - ✓ Documents, as specified, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
  - ✓ the names of all the partners and

- ✓ address of the registered office, and the principal place of its business, if it is different.

### 6.3.3 CDD of a Trust:

- For opening an account of a trust, certified copies of each of the following documents or the equivalent e-documents thereof to be obtained:
  - ✓ Registration certificate
  - ✓ Trust deed
  - ✓ Permanent Account Number or Form No.60 of the trust
  - ✓ Documents, as specified, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
  - ✓ the names of the beneficiaries, trustees, settlor, protector, if any and authors of the trust
  - ✓ the address of the registered office of the trust; and
  - ✓ list of trustees and documents, as specified, for those discharging the role as trustee and authorised to transact on behalf of the trust.

### 6.3.4 CDD of an Un-incorporated association or a body of Individuals:

- For opening an account of an unincorporated association or a body of individuals, certified copies of each of the following documents or the equivalent e-documents thereof to be obtained:
  - ✓ Resolution of the managing body of such association or body of individuals
  - ✓ Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals
  - ✓ Power of attorney granted to transact on its behalf
  - ✓ Documents, as specified, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and
  - ✓ Such information as may be required by KIFS 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.



### **6.3.5 CDD of Juridical person:**

- 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 to be obtained and verified:
  - ✓ Document showing name of the person authorised to act on behalf of the entity
  - ✓ Documents, as specified, of the person holding an attorney to transact on its behalf and
  - ✓ Such documents as may be required by KIFS to establish the legal existence of such an entity/juridical person.
  - ✓ Provided that in case of a trust, KIFS shall ensure that trustees disclose their status at the time of commencement of an account-based relationship or when carrying out transactions.

## **Chapter 7: CDD Measure for identification of Beneficial Owner (BO)**

For opening an account of a Legal Person who is not a natural person, the Beneficial Owner(s) shall be identified and all reasonable steps in terms of Rule 9(3) of the PMLA Rules to verify his/her identity shall be undertaken keeping in view the following:

- i. 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) 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.
- ii. In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

## Chapter 8: Ongoing Due Diligence

Ongoing monitoring is an essential element of effective KYC procedures and is equally essential for the Company to have a clear knowledge and understanding about the normal working pattern and activity of the customer so that the Company can identify all such unusual transactions which would fall outside the normal transactions of the customer. To achieve this purpose, ongoing monitoring is necessary. The extent of such monitoring will depend upon the level of risk involved in case. Any transaction or activity of the customer which gives rise to suspicion will be given special attention. Such monitoring is important to keep a check on any act or omission of the customer which may amount to money laundering or support any act relating to user of finance for criminal activities.

The extent of monitoring shall be aligned with the risk category of the customer. A system of periodic review of risk categorization 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

High-risk accounts have to be subjected to more intensify monitoring at the time of the periodic review of account risk categorization and transactions associated with marketing firms, notably those linked to Multi-level Marketing (MLM) companies.

### KYC Risk Review/ Risk Migration Analysis:

Sr. No.	Particulars	Migration
1	All customers serviced >12 MOB with maximum 30 DPD	Low Risk
2	Customer serviced >12 MOB with maximum upto 60 DPD	Medium Risk
3	Customer serviced >12 MOB with 60+ DPD	High Risk
4	Customer into 90+ DPD	High Risk
5	Skipped Customers	High Risk

## Chapter 9: Updation/Periodic updation of KYC

**KIFS** has adopted 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 KIFS internal KYC policy duly approved by the Board of Directors of KIFS 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 KIFS, customer's mobile number registered with KIFS, ATMs, digital channels (such as online banking / internet banking, mobile application of KIFS), letter, etc.
- 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 KIFS, customer's mobile number registered with KIFS, ATMs, digital channels (such as online banking / internet banking, mobile application of KIFS), letter, etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables, etc. Further, KIFS's, at their option, may obtain a copy of OVD or deemed OVD, as defined, or the equivalent e-documents thereof, as defined, for the purpose of proof of address, declared by the customer at the time of updation/ periodic updation. Such requirement, however, is clearly specified by the company in the internal KYC policy duly approved by the Board of Directors of KIFS's 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 company. Wherever required, company may carry out fresh KYC of such customers i.e., customers for whom account was opened when they were minor, on their becoming a major.

- iv. Aadhaar OTP based e-KYC in non-face to face mode may be used for updation/ periodic updation. To clarify, conditions stipulated in are not applicable in case of updation/ periodic updation of KYC through Aadhaar OTP based e-KYC in non-face to face mode. Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. KIFS 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 KIFS, ATMs, digital channels (such as online banking / internet banking, mobile application of KIFS), letter from an official authorized by the LE in this regard, board resolution, etc. Further, KIFS ensures during this process that Beneficial Ownership (BO) information available with them is accurate and shall update the same, if required, to keep it as up-to-date as possible.
- ii. Change in KYC information: In case of change in KYC information, KIFS undertakes the KYC process equivalent to that applicable for on boarding a new LE customer.

**c) Additional Measures:**

- 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 KIFS are not as per the current CDD standards. Further, in case the validity of the CDD documents available with KIFS has expired at the time of periodic updation of KYC, KIFS undertakes the KYC process equivalent to that applicable for on-boarding a new customer.
- ii. Customer's PAN details, if available with the Company will be 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 is ensured that the information / documents obtained from the customers at the time of periodic updation of KYC are promptly updated in the records/ database of the Company and an intimation, mentioning the date of updation of KYC details, is provided to the customer.
- iv. In order to ensure customer convenience, KIFS may consider making available the facility of periodic updation of KYC at any branch, in terms of the KYC policy duly approved by the Board of Directors or any committee of the Board to which power has been delegated.
- v. Company adopts a risk-based approach with respect to 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. Any additional and exceptional measures, which otherwise are not mandated under the above instructions, adopted by the Company such as requirement of obtaining recent photograph, requirement of physical presence of the customer, requirement of periodic updation of KYC only in the branch of the Company where account is maintained, a more frequent periodicity of KYC updation than the minimum specified periodicity etc., is clearly specified in the KYC policy duly approved by the Board of Directors of KIFS or any committee

of the Board to which power has been delegated.

- vi. KIFS advises 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 submit to the company the update of such documents. This is done within 30 days of the update to the documents for the purpose of updating the records at Company's end.

## **Chapter 10: Customer Education**

The implementation of KYC procedures requires KIFS to demand certain information from customers, which may be of personal nature, or which has hitherto never been called for. This can sometimes lead to a lot of questioning by the customer as to the motive and purpose of collecting such information. KIFS's front line staff will therefore personally discuss this with customers and if required, KIFS will also prepare specific literature/ pamphlets, etc. so as to educate the customer on the objectives of the KYC program.

## **Chapter 11: Introduction of New Technologies**

KIFS will pay special attention to any money laundering threats that may arise from new or developing technologies including on-line transactions that might favour anonymity, and take measures, if needed, to prevent its use in money laundering schemes.

## **Chapter 12: Appointment of Designated Director**

KIFS has appointed a person designated to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall include the Managing Director or a Whole-Time Director, duly authorized by the Board of Directors.

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.

## **Chapter 13: Appointment of Principal Officer**

As per RBI Guidelines, KIFS has appointed 'Principal Officer'. The Principal Officer will be located at the corporate office and will be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. He will maintain close liaison with enforcement agencies, other HFCs and any other institution which are involved in the fight against money laundering and combating financing of terrorism.

#### **Chapter 14: Maintenance of records of transactions**

KIFS has a system of maintaining proper record of transactions prescribed under section 12, Rule 3, of the Prevention of Money-Laundering and value of transactions, the procedure and manner of maintaining and verification and maintenance of records of the identity of the clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as mentioned below:

- all cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;
- all series of cash transactions integrally connected to each other which have been valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;
- all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules 3(1)D.

#### **Chapter 15: Information to be preserved**

- As per the RBI guidelines, KIFS is required to maintain the following information in respect of transactions referred to in Rule 3:
  - the nature of the transactions;
  - the amount of the transaction and the currency in which it was denominated;
  - the date on which the transaction was conducted; and
  - the parties to the transaction.

## **Chapter 16: Maintenance and Preservation of records**

KIFS has 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. KIFS will maintain for at least ten years from the date of cessation of transaction between the bank and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

KIFS ensure that records pertaining to the identification of the customer and his / her address (e.g. copies of documents like passports, Aadhaar Card, identity cards, driving licenses, PAN, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data will be made available to the competent authorities upon request.



## **Chapter 17: Reporting to Financial Intelligence Unit-India**

In terms of the PMLA rules, KIFS will report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

Director, FIU-IND,  
Financial Intelligence Unit-India,  
6<sup>th</sup>Floor, Hotel Samrat, Chanakyapuri,  
New Delhi-110021

KIFS ensures that the provisions of PMLA Rules framed and the Foreign Contribution and Regulation Act, 1976, wherever applicable, are adhered to strictly.

Further, KIFS shall comply circulars/notifications/Directions or any material change as and when updated by the Regulator.

## **Chapter 18: Review of Policy**

Know Your Customer Policy may be reviewed annually. However, changes, if any, will be made in the Policy from time to time based on the changes in Regulatory and Statutory Guidelines, various laws including Prevention of Money Laundering Act, 2002 and RBI guidelines.

The Managing Director/Board of Directors are authorized to approve/review of the KYC & AML Policy and modifications to the Policy from time to time.

## Chapter 19: Annexures

### Annex I Digital KYC Process

- A. The Company shall develop an application for digital KYC process which shall be made available at customer touch points for undertaking KYC of their customers and the KYC process shall be undertaken only through this authenticated application of the Company.
- B. The access of the Application shall be controlled by the Company and it should be ensured that the same is not used by unauthorized persons. The Application shall be accessed only through login-id and password or Live OTP or Time OTP controlled mechanism given by Company to its authorized officials.
- C. The customer, for the purpose of KYC, shall visit the location of the authorized official of the Company or vice-versa. The original OVD shall be in possession of the customer.
- D. The Company must ensure that the live photograph of the customer is taken by the authorized officer and the same photograph is embedded in the Customer Application Form (CAF). Further, the system Application of the Company shall put a water-mark in readable form having CAF number, GPS coordinates, authorized official's name, unique employee Code (assigned by Company) and Date (DD:MM:YYYY) and time stamp (HH:MM:SS) on the captured live photograph of the customer.
- E. The Application of the Company shall have the feature that only live photograph of the customer is captured and no printed or video-graphed photograph of the customer is captured. The background behind the customer while capturing live photograph should be of white colour and no other person shall come into the frame while capturing the live photograph of the customer.
- F. Similarly, the live photograph of the original OVD or proof of possession of Aadhaar where offline verification cannot be carried out (placed horizontally), shall be captured vertically from above and water-marking in readable form as mentioned above shall be done. No skew or tilt in the mobile device shall be there while capturing the live photograph of the original documents.
- G. The live photograph of the customer and his original documents shall be captured in proper light so that they are clearly readable and identifiable.

- H. Once the above mentioned process is completed, a One Time Password (OTP) message containing the text that ‘Please verify the details filled in form before sharing OTP’ shall be sent to customer’s own mobile number. Upon successful validation of the OTP, it will be treated as customer signature on CAF. However, if the customer does not have his/her own mobile number, then mobile number of his/her family/relatives/known persons may be used for this purpose and be clearly mentioned in CAF. In any case, the mobile number of authorized officer registered with KIFS shall not be used for customer signature. The Company must check that the mobile number used in customer signature shall not be the mobile number of the authorized officer.
- I. The authorized officer shall provide a declaration about the capturing of the live photograph of customer and the original document. For this purpose, the authorized official shall be verified with One Time Password (OTP) which will be sent to his mobile number registered with the Company. Upon successful OTP validation, it shall be treated as authorized officer’s signature on the declaration. The live photograph of the authorized official shall also be captured in this authorized officer’s declaration.
- J. Subsequent to all these activities, the Application shall give information about the completion of the process and submission of activation request to activation officer of the Company, and also generate the transaction-id/reference-id number of the process. The authorized officer shall intimate the details regarding transaction-id/reference-id number to customer for future reference.
- K. The authorized officer of the Company shall check and verify that:- (i) information available in the picture of document is matching with the information entered by authorized officer in CAF. (ii) live photograph of the customer matches with the photo available in the document.; and (iii) all of the necessary details in CAF including mandatory field are filled properly.;
- L. On Successful verification, the CAF shall be signed by authorized officer of the Company who will take a print of CAF, get signatures/thumb-impression of customer at appropriate place, then scan and upload the same in system. Original hard copy may be returned to the customer. Banks may use the services of Business Correspondent (BC) for this process.

## Annexure II

### Self-Declaration of Current Address

#### PERSONAL DETAILS

Name of Applicant: \_\_\_\_\_

Loan Application Number: \_\_\_\_\_

Date of Declaration: \_\_\_\_\_

#### DECLARATION STATEMENT

I, \_\_\_\_\_ (full name), solemnly declare and affirm that my current address as per Aadhaar card is at

**Complete Address:**

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But currently I am residing at the following address

**Complete Address:**

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**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **Postal Code:** \_\_\_\_\_

I declare that the property of the current address is owned by me / my family or living on rental basis since **DD/MM/YYYY**.

## ADDRESS VERIFICATION DETAILS

I hereby declare that:

- I currently reside at the above-mentioned address
- I do not possess traditional address proof documents (Aadhaar/Voter ID/Passport)
- My residence is a: ☐ Rented Property ☐ Owned Property ☐ Family/Relative's Property ☐ Other (Specify): \_\_\_\_\_

I, also declare that I will submit my Aadhaar with updated current address by 30 days from signing the declaration.

I solemnly declare that the above information is true and correct to the best of my knowledge and belief.

Declarant's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## **Annexure III**

### **Board Note**

#### **KYC Risk Migration Assessment**

Refer to attachment

## Chapter 20: Definitions:

<b>Sr. No.</b>	<b>Term</b>	<b>Definition</b>
<b>1</b>	<b>Aadhaar Number</b>	Identification Number as defined under sub-section (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, henceforth the 'Aadhaar Act'.
<b>2</b>	<b>Act and Rules</b>	The Prevention of Money-Laundering Act, 2002 (“Act”) and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, (“Rules”) and amendments thereto.
<b>3</b>	<b>Authentication</b>	Authentication”, in the context of Aadhaar authentication, means the process as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.

4	<b>Beneficial Owner(BO)</b>	<p>(i) Where the customer is a <b>Company</b>, the Beneficial Owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have a controlling ownership interest or who exercise control through other means.</p> <p><b>Explanation</b> - For the purpose of this sub-clause: -</p> <p>a) Controlling ownership interest means ownership of/entitlement to more than <b>10%</b> of the shares or capital or profits of the company.</p> <p>b) Control shall include the right or the ability 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.</p> <p>(ii) Where the customer is a <b>Partnership Firm</b>, 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 <b>10%</b> of capital or profits of the partnership or who exercises control through other means.</p> <p>Explanation - For the purpose of this clause, "Control" shall include the right to control the management or policy decisions.</p> <p>(iii) Where the customer is an <b>Unincorporated Association or Body of Individuals</b>, 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% of the property or capital or profits of the unincorporated association or body of individuals.</p> <p>Explanation- Term 'Body of Individuals' includes Societies. Where no natural person is identified under (i), (ii) or (iii) above, the</p>
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		<p>Beneficial Owner is the relevant natural person who holds the position of Senior Managing Official.</p> <p>(iv) Where the customer is a Trust, the identification of Beneficial Owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10% or more interest in the trust and other natural person exercising ultimate effective control over trust through a chain of control or ownership.</p>
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5	<b>Certified Copy</b>	<p>Obtaining a certified copy by KIFS 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 authorized officer of KIFS as per the provisions contained in the Act and the rules thereunder.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Authorized officials of overseas branches of Scheduled Commercial Banks registered in India,</li> <li>• Branches of overseas banks with whom Indian banks have relationships,</li> <li>• Notary Public abroad,</li> <li>• Court Magistrate,</li> <li>• Judge,</li> <li>• Indian Embassy/Consulate General in the country where the non- resident customer resides.</li> </ul>
6	<b>Central KYC Records Registry (CKYCR)</b>	<p>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. CKYCR is a reporting entity, substantially owned and controlled by the Central Government, and authorized by that Government through a notification in the Official Gazette to receive, store, safeguard and retrieve the KYC records in digital form of a client as referred to in clause (ha) in such manner and to perform such other functions as may be required under these rules.</p>
7	<b>Customer</b>	<p>A Customer is a person, as defined below, who is engaged in a financial transaction or activity with a Housing Finance Company (HFC) and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.</p>

<b>8</b>	<b>Customer Due Diligence (CDD)</b>	<p>Customer Due Diligence (CDD) means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification.</p> <p>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:</p> <p>(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;</p> <p>(b) Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;</p> <p>(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.</p>
<b>9</b>	<b>Customer Identification</b>	Customer Identification means undertaking the process of CDD.
<b>10</b>	<b>Designated Director</b>	<p>A person designated by the Company to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall include the Managing Director or a Whole-Time Director, duly authorized by the Board of Directors.</p> <p>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.</p>
<b>11</b>	<b>Digital KYC</b>	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 authorized officer of KIFS as per the provisions contained in the Act and in accordance with the rules and regulations specified in this behalf.
<b>12</b>	<b>Digital Signature</b>	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).
<b>13</b>	<b>Equivalent e-document</b>	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.
<b>14</b>	<b>FATCA</b>	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.
<b>15</b>	<b>Know Your Client (KYC) Identifier</b>	The unique number or code assigned to a customer by the Central KYC Records Registry. (Also called as KYC Identifier Number (KIN) or CKYCR No).
<b>16</b>	<b>KYC Templates</b>	KYC Templates means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for Individuals and Legal Entities.
<b>17</b>	<b>Non-face-to-face Customers</b>	Customers who open accounts without visiting the branch/ offices of KIFS or meeting the officials of KIFS.
<b>18</b>	<b>Non-Profit Organizations (NPO)</b>	NPO means any entity or organization, 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.

19	<b>Officially Valid Document (OVD)</b>	<p>Officially Valid Document (OVD) means:</p> <ul style="list-style-type: none"> <li>a) Passport,</li> <li>b) Driving License,</li> <li>c) Voter's Identity Card issued by Election Commission of India,</li> <li>d) Proof of possession of Aadhaar Number*, i.e. Aadhaar letter, Aadhaar Letter downloaded from UIDAI website (e-Aadhaar), Aadhaar Card, Aadhaar Secure QR Code, Aadhaar Paperless Offline e-KYC (an XML document generated by the UIDAI), (*Ensure to redact/ blacken only the first eight digits of Aadhaar No. (on copy of Aadhaar Letter/ Aadhaar Card obtained)</li> <li>e) Job Card issued by NREGA duly signed by an officer of the State Government,</li> <li>f) Letter issued by the National Population Register containing details of Name, Address of the customer with photograph of the card holder.</li> </ul> <p>Provided that,</p> <ul style="list-style-type: none"> <li>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.</li> <li>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: - <ul style="list-style-type: none"> <li>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);</li> <li>ii. property or Municipal tax receipt;</li> <li>iii. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;</li> <li>iv. letter of allotment of accommodation from employer issued</li> </ul> </li> </ul>
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		<p>by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation;</p> <p>c) the customer shall submit OVD with current address within a period of three months of submitting the documents specified at ‘b’ above 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.</p> <p>Explanation: For the purpose of this clause, a document shall be deemed to be an OVD even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Government or Gazette notification, indicating such a change of name.</p>
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<b>20</b>	<b>Ongoing Due Diligence</b>	Regular monitoring of transactions in accounts to ensure that those are consistent with the Company's knowledge about the customers, customers' business & risk profile, the source of funds / wealth.
<b>21</b>	<b>Offline verification</b>	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).
<b>22</b>	<b>Person</b>	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).
<b>23</b>	<b>Periodic Updation</b>	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.
<b>24</b>	<b>Politically Exposed Persons (PEPs)</b>	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/ judicial/ military officers, senior executives of state-owned corporations, important political party officials, etc.
<b>25</b>	<b>Principal Officer</b>	Principal Officer means an officer designated by the Company, responsible for furnishing information as per Rule 8 of the Rules.
<b>26</b>	<b>Regulated Entities (REs)</b>	Regulated Entities means a) All Scheduled Commercial Banks (SCBs)/ Regional Rural Banks

		<p>(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 licensed under Section 22 of Banking Regulation Act, 1949, which as a group shall be referred as ‘banks’</p> <p>b) All India Financial Institutions (AIFIs)</p> <p>c) All Non-Banking Finance Companies (NBFCs), Miscellaneous Non- Banking Companies (MNBCs) and Residuary Non-Banking Companies (RNBCs).</p> <p>d) All Payment System Providers (PSPs)/ System Participants (SPs) and Prepaid Payment Instrument Issuers (PPI Issuers)</p> <p>e. All authorized persons (APs) including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.</p>
<b>27</b>	<b>Suspicious Transaction</b>	<p>“Suspicious transaction” means a “transaction” as defined below, including an attempted transactions, whether or not made in cash which, to a person acting in good faith-</p> <p>(i) gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved, or</p> <p>(ii) appears to be made in circumstances of unusual or unjustified complexity, or</p> <p>(iii) appears to have no economic rationale or bonafide purpose, or</p> <p>(iv) Gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.</p> <p>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.</p>



<b>28</b>	<b>Transaction</b>	<p>Transaction” means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes —</p> <ul style="list-style-type: none"> <li>(i) opening of an account,</li> <li>(ii) deposits, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheques, payment order or other instruments or by electronic or other non-physical means,</li> <li>(iii) the use of a safety deposit box or any other form of safe deposit,</li> <li>(iv) entering into any fiduciary relationship,</li> <li>(v) payment made or received in whole or in part of any contractual or other legal obligation,</li> <li>(vi) Establishing or creating a legal person or legal arrangement.</li> </ul>
<b>29</b>	<b>Video based Customer Identification Process (V-CIP)</b>	<p>An alternate method of customer identification with facial recognition and CDD by an official of KIFS by undertaking seamless, secure, live real- time, informed- consent based audio-visual interaction with the customer to obtain identification information including the documents required for CDD purpose, and to ascertain the veracity of the information furnished by the customer through independent verification and maintaining audit trail of the process. Such processes complying with prescribed standards and procedures shall be treated as on par with face-to-face CIP for the purpose of this Policy.</p>
<b>30</b>	<b>Walk-in Customer</b>	<p>Walk-in Customer means a person who does not have an account-based relationship with KIFS, but undertakes transactions with KIFS.</p>
<b>31</b>	<b>Group</b>	<p>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.</p>