



CAPITAL INDIA

Home Loans

Policy on Know Your Customer Guidelines and Anti-Money Laundering Measures

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1. Introduction

The National Housing Board (“NHB”) has issued a comprehensive guideline on Know Your Customer (“KYC”) and Anti Money Laundering (“AML”) Measures for housing finance companies (“HFCs”) for setting the standards for prevention of money laundering activities and corporate practices while dealing with their customers from time to time.

In view of above guidelines, Capital India Home Loans Limited (“Company”) has adopted a robust policy framework on KYC and AML measures in line with the guidelines prescribed by NHB (“Policy”). The Company shall adopt all the best practices prescribed by NHB from time to time and shall make appropriate modifications to the Policy, if necessary, to conform to the standards so prescribed. The contents of the Policy shall always be read in conjunction with the changes / modifications which shall be advised by NHB from time to time.

2. Objective:

The objective of the Policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities. KYC procedures shall also enable the Company to know and understand its Customers (*defined hereinafter*) and its financial dealings in better way which in turn will help the Company to manage its risks prudently.

3. Applicability:

This Policy shall prevail over anything else contained in any other document, process, circular and / or instruction that has been issued by the Company in this regard and shall be applicable to all verticals and products of the Company, whether existing or rolled out in future.

4. Definitions:

In this Policy, unless there is anything in the subject or context inconsistent therewith, the expressions listed below shall, when capitalized, have the following meanings:

"Aadhaar number" shall have the meaning assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (as amended from time to time) (“**Aadhaar Act**”).

"Beneficial Owner (BO)" shall mean:

- 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 person, has/have a controlling ownership interest or who exercise control through other means.

Explanation: (i) "Controlling ownership interest" means ownership of/entitlement to more than 25% (Twenty-Five percent) of the shares or capital or profits of the company.

(ii) "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 off entitlement to more than 15% (Fifteen percent) of capital or profits of the partnership.

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

"Board" shall mean the board of directors of the Company.

"Cash Transactions" shall mean "Cash Transactions" as defined under rule 3 of the PML Rules.

"Central KYC Records Registry" or "CKYCR" means an entity (i.e. currently, Central Registry of Securitization Asset Reconstruction and Security Interest of India ("**CERSAI**")) defined under Rule 2(1)(aa) of the PML Rules, to receive, store, safeguard and retrieve the KYC records of a Customer in digital form.

"Committee" shall mean the Credit Committee or Risk Committee of Board, as may be specified by the Board from time to time.

"Customer" shall mean a Person, who is engaged in a financial transaction or activity with a Company and includes a Person on whose behalf the Person who is engaged in the Transaction or activity, is acting.

"Customer Due Diligence" or "CDD" means "Client Due Diligence" as defined under rule 9 of the PML Rules and the amendments thereto.

"Customer Identification" means undertaking the process of CDD.

"Designated Director" shall mean a person designated by the Company to ensure overall compliance with the obligations imposed under Chapter IV of the PMLA and shall be nominated by the Board of the Company.

"FATCA" shall mean Foreign Account Tax Compliance Act of the United States of America (U.S.) 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.

"HNI" shall mean high net worth individuals.

"KYC Templates" shall mean templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities, as applicable.

"Non-Face-to-Face Customers" shall mean Customers who open the accounts without visiting the branch/ offices of the Company or meeting the officials of the Company.

“Officially Valid Document” or **“OVD”** shall mean the passport, the driving license, proof of possession of Aadhaar number, voter’s identity card issued by election commission of India, job card issued by NREGA duly signed by an officer of the state government, the letter issued by the national population register containing details of name, address or any other document as notified by the central government with the regulator.

Further, where the Customer submits his/her/its proof of possession of Aadhaar number as an officially valid document, he/she/it may submit it in such form as are issued by the Unique Identification Authority of India.

“On-going Due Diligence” shall mean regular monitoring of Transactions in accounts to ensure that they are consistent with the Customers’ profile and source of funds.

“Periodic Updation” shall mean 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 NHB.

“Person” shall have the same meaning as defined in the PMLA 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 and (g) any agency, office or branch owned or controlled by any of the above persons.

“Politically Exposed Persons” (PEP) shall mean individuals who are or have been entrusted with prominent public functions e.g., heads of States / Government, senior politicians, senior government / judicial / military officers, senior executives of state owned corporations, important political party officials, etc.

“Suspicious Transaction” shall mean "Suspicious Transaction" as defined under rule 2(g) of the PML Rules and the amendments thereto.

“Transaction” shall mean "Transaction" as defined under rule 2(h) of the PML Rules and the amendments thereto.

“PMLA” shall mean the Prevention of Money Laundering Act, 2002, including all the rules / regulations made pursuant thereto, as amended from time to time.

“PML Rules” shall mean Prevention of Money-laundering (Maintenance of Records) Rules, 2005, as amended from time to time.

5. Key elements of the Policy:

This Policy includes 4 (Four) key elements, details of which are given below:

- Customer Acceptance Policy (“CAP”);
- Risk Management;
- Customer Identification Procedures (“CIP”);
- Monitoring of Transactions.

5.1 Customer Acceptance Policy (“CAP”):

- (i) CAP lays down the criteria for acceptance of the Customers. The guidelines in respect of the Customer relationship in the Company broadly includes the following:
 - a) No account shall be opened in anonymous or fictitious / benami name(s);
 - b) No account shall be opened where the Company is unable to apply appropriate CDD measures, either due to non-cooperation of the Customer or non-reliability of the documents/information furnished by the Customer.
 - c) No Transaction or account-based relationship shall be undertaken without following the CDD procedure.
 - d) The mandatory information which is required to be obtained from the Customers for KYC purpose while opening an account and during the Periodic Updation, shall be specified.
 - e) Any optional / additional information if required from the Customers after the account is opened, shall be obtained with the explicit consent of the Customers.
 - f) CDD Procedure shall be followed for all the joint account holders, while opening a joint account.
 - g) In case of an existing KYC compliant Customer, there shall be no need for a fresh CDD exercise.
 - h) Circumstances in which, a Customer is permitted to act on behalf of another person/ entity, shall be clearly spelt out.
 - i) Suitable system shall be 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 issued by UN Security Council circulated by NNB and the sanctions lists circulated by Reserve Bank of India from time to time.
- (ii) The Company shall ensure that the adoption of CAP and its implementation shall not result in denial of services of the Company to general public, especially to those, who are financially or socially disadvantaged.

5.2 Risk Management:

- (i) The Company shall put in place an effective KYC programme by establishing appropriate procedures and ensuring their effective implementation, which shall cover proper management oversight, systems and controls, segregation of duties, training and other related matters. The Company shall allocate the responsibility for ensuring that the policies and procedures of the Companies are implemented effectively.
- (ii) The Risk categorization 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 / occupation and their location etc.
- (iii) The Customers shall be categorized based on perceived risk broadly into three categories – Category A, Category B & Category C, in terms of **Annexure I** herein. **Category A** comprises high risk Customers, **Category B** comprises medium risk Customers while **Category C** Customers comprises low risk Customers. None of the Customers will be exempted from Company's KYC procedure, irrespective of the status and relationship with Company, its directors and / or its promoters.
- (iv) The Recommendations made by the Financial Action Task Force (FATF) on AML standards and on Combating Financing of Terrorism (CFT) standards shall also be used in risk assessment.

5.3 Customer Identification Procedures ("CIP"):

- (i) Customer Identification is the process of identifying the Customer and verifying their identity by using reliable, independent source documents, data or information. The Company shall obtain necessary information to verify the identity of each new Customer along with brief details of its promoters and management, wherever applicable, whether regular or occasional, and the purpose of the intended nature of business relationship.
- (ii) The Company shall undertake identification of Customers in the following cases:
 - a) Commencement of an account-based relationship with the Customer.
 - b) When there is a doubt about the authenticity or adequacy of the Customer Identification data.
 - c) Selling third party products as agents, selling their own products and any other product for more than rupees fifty thousand.
- (iii) For the purpose of verifying the identity of the Customers at the time of commencement of an account-based relationship, the Company may, in its sole discretion, rely on CDD done by a third party, subject to the following conditions:
 - a) Records or the information of the CDD carried out by the third party is obtained within 2 (Two) days from the third party or from the Central KYC Records Registry.
 - b) Adequate steps are taken by the Company to satisfy themselves that copies of identification data and other relevant documentation relating to the CDD requirements shall be made available from the third party upon request without delay.
 - c) The third party is regulated, supervised or monitored for, and has measures in place for, compliance with CDD and record-keeping requirements in line with the requirements and obligations under the Prevention of Money-Laundering Act.
 - d) The third party shall not be based in a country or jurisdiction assessed as high risk.
 - e) The ultimate responsibility for CDD, including done by a third party and undertaking enhanced due diligence measures, as applicable, shall rest with the Company.

5.4 Monitoring of Transactions:

Monitoring of Transactions is an essential element of effective implementation of the Policy, which shall be conducted taking into consideration the risk profile and risk sensitivity of the Customers. The Company shall make an endeavor to understand the normal and reasonable activity of the Customer so that Transactions which fall outside the regular/pattern of activity can be identified. Special attention shall be paid to all complex, unusually large Transactions and all unusual patterns, which have no apparent economic or visible lawful purpose.

(i) Maintenance of records of Transaction:

A Company shall maintain records, at each branch and a consolidated record for all the branches taken together at the registered office of the Company, of Transactions (nature and value), in such form and for such period as specified under the Rule 3 of the PML Rules.

A Company shall maintain all necessary information in respect of Transactions prescribed under Rule 3 of the PML Rules, so as to permit reconstruction of individual Transaction, including the following:

- a) the nature of the Transactions;
- b) the amount of the Transaction and the currency in which it was denominated;

- c) the date on which the Transaction was conducted; and
- d) the parties to the Transaction.

The Company shall take appropriate steps to evolve a system for proper maintenance and preservation of information in a manner (in hard and soft copies) so that the information can be retrieved easily and quickly whenever required or requested by the competent authorities.

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

The Company shall, inter-alia, without any delay, furnish to the Director FIU-IND, within such time and in such form, the information in respect of Transactions as referred under sub-rule (1) of rule 3 of the PML Rules and a copy of such information shall be retained by the Principal Officer for the purposes of official record.

The Company shall not put any restriction on operations on the accounts where a Suspicious Transaction Report has been filed. The Company shall keep the fact of furnishing of Suspicious Transaction Report strictly confidential and shall ensure that there is no tipping off to the Customer at any level.

The Company may put in use a robust software, throwing alerts when the Transactions are inconsistent with risk categorization and updated profile of the Customers, as a part of effective identification and reporting of Suspicious Transactions.

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

The Company shall adhere to the provisions of income tax rules, FATCA and CRS, as applicable and shall take all appropriate steps for complying with the reporting requirements.

The Company shall also adhere to United Nations Security Council Resolutions (UNSCRs) circulated by the Reserve Bank of India, (as applicable) in respect of any other jurisdictions / entities from time to time.

6. Customer Due Diligence (CDD) Procedure:

6.1. Procedure for obtaining identification and CDD Measures:

The Company shall undertake CDD the procedures and measures described in **Annexure II** hereto in relation to the Customers.

6.2. On-going Due Diligence:

Ongoing monitoring is an essential element of effective KYC procedures. The Company can effectively control and reduce their risk by understanding the normal and reasonable activities of the Customer.

The Company shall pay special attention to all complex, unusually large Transactions and all unusual patterns which have no apparent economic or visible lawful purpose. The extent of monitoring shall be aligned with the risk category of the Customer.

The Company shall apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk Customers, especially those for whom the sources of funds are not clear.

6.3. Periodic Updation:

A Company shall carry out Periodic Updation at least once in every 2 (Two) years for high risk Customers, once in every 8 (Eight) years for medium risk Customers and once in every 10 (Ten) years for low risk Customers. The timelines prescribed herein shall apply from the date of opening of the account / last verification of KYC.

The following procedure shall be carried out for Periodic Updation;

- i) PAN verification from the verification facility available with the issuing authority;
- ii) Certified copy of OVD containing identity and address shall be obtained at the time of Periodic Updation from individuals except those who are categorized as 'low risk'. In case of low risk Customers when there is no change in status with respect to their identities and addresses, a self-certification to that effect shall be obtained; and
- iii) In case of legal entities, a fresh certified copy of documents which were submitted at the time of opening account shall be obtained.

The Company may not insist on the physical presence of the Customer for the purpose of furnishing OVD unless there are sufficient reasons that physical presence of the account holder/holders is required to establish their bona-fides. OVD / consent forwarded by the Customer through mail/ post, etc., may be accepted at the sole discretion on the Company.

The Company shall provide acknowledgment with date of having performed the updation.

7. Appointment of Designated Director and Principal Officer:

Designated Director:

The Board shall nominate any director as a Designated Director to ensure overall compliance with the obligations imposed under Chapter IV of the PMLA. In no case, the 'Principal Officer' shall be nominated as the 'Designated'. The name, designation and address of the Designated Director, including changes from time to time, shall be communicated to the Director, Financial Intelligence Unit India (FIU-IND) and also to the NHB.

Principal Officer:

The Company shall appoint a "Principal Officer" who shall be responsible for ensuring compliance, monitoring Transactions, and sharing and reporting information as required under the PMLA and PML Rules. The name, designation and address of the Principal Officer, including changes from time to time, shall be communicated to the Director, FIU-IND and also to the NHB.

8. Other Measures:

8.1. Secrecy Obligations and Sharing of Information:

The Company shall maintain secrecy regarding the Customer information which arises out of the contractual relationship between the Company and the Customer. While considering the requests for data/information from Government and other agencies, the Company shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in Transactions.

An illustrative (but not exhaustive) list of Suspicious Transactions financial services (including housing / builder / project loans) is furnished under Annexure III.

8.2. Sharing KYC information with Central KYC Records Registry (CKYCR):

The Company shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the PML Rules, as required by the revised KYC Templates prepared for 'individuals' and 'Legal Entities' as the case may be. The Company shall upload the KYC data with CERSAI in respect of all accounts, as required under the provisions of the PML Rules, from time to time.

8.3. Hiring of Employees and Employee training:

The Company shall put in place an adequate screening mechanism as an integral part of the personnel recruitment/hiring process. The Company shall also put in place an on-going employee training programme so that the members of staff are adequately trained in KYC/AML Measures 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.

8.4. Selling Third party products:

The Company, while acting as agents to sell third party products, shall comply with the applicable laws/regulations, including system capabilities for capturing, generating and analyzing alerts for the purpose of filing cash transaction report / suspicious transaction report in respect of Transactions relating to third party products with Customers.

8.5. Adherence to KYC guidelines by the Company and persons authorized by the Company including brokers/agents etc.

All persons authorized by the Company for selling loan related products, their brokers/ agents or the like, shall be fully compliant with the KYC guidelines applicable to the Company.

All information shall be made available to NHB to verify the compliance with the KYC guidelines and accept full consequences of any violation by the persons authorized by the Company including brokers/ agents etc. who are operating on their behalf.

8.6. Closure of Accounts/Termination of Financing/Business Relationship:

In case the Company is unable to apply appropriate CDD procedures or measures due to non-furnishing of information and/or non-cooperation by the Customer, the Company shall consider closing the account or terminate business relationship after issuing due notice to the Customer explaining the reasons for taking such a decision. Such action shall be taken with the approval of Chief Executive Officer of the Company or Head – Risk of the Company or any other Key Managerial Personnel of the Company duly authorized for this purpose.

8.7. Internal Control System and compliance with the Policy:

The Company shall ensure compliance with the Policy through:

- (i) concurrent/ internal audit system to verify the compliance with KYC/Anti-Money Laundering (AML) policies and procedures;
- (ii) submission of quarterly audit notes and compliance to the Audit Committee.

The Internal Auditors of the Company shall check and evaluate the adherence and compliance of the Policy. A compliance report of the Internal Auditors shall be submitted to the Committee on quarterly basis.

9. Review of the Policy:

This Policy is subject to review by the Board, as and when deemed necessary. The Board may amend or revise this Policy from time to time, as required under the guidelines issued by NHB and other applicable laws.

Notwithstanding anything contained in this Policy, the Company shall ensure compliance with any additional requirements as may be prescribed under the provisions of PMLA, PML Rules, Foreign Contribution and Regulation Act, 1976, and other applicable laws / regulations, either existing or arising out of any amendment to such laws / regulations or otherwise and applicable to the Company from time to time. Any change/amendment in PMLA, PML Rules, Foreign Contribution and Regulation Act, 1976 and other applicable laws shall be deemed to be incorporated in this Policy by reference and this Policy shall be deemed to have been amended and revised accordingly.

ANNEXURE I - Risk Categorization of the Customers:

This Annexure refers to risk categorization of Customers and is indicative only.

High Risk – Category A	Medium Risk – Category B	Low Risk – Category C
<ul style="list-style-type: none"> a) Non – Resident Indian (NRI) Customers; b) HNIs-Persons who have applied for loan amount more than 5 crores. c) Self-employed Customers with sound business and profitable track record for less than 3 years d) Trust, charitable organizations, Non-Government Organization (NGO) and organizations receiving donations; e) Companies having close family shareholding or beneficial ownership with group track record of less than 5 years; f) Firms with sleeping partners; g) Politically Exposed Persons (PEPs) of Indian/ foreign origin; h) Person with dubious reputation as per public information available; i) Persons without any contact number and details; j) Person with criminal background; k) Persons engaged in the business of real estate, including builders and developers. l) Non Face To Face Customers 	<ul style="list-style-type: none"> a) Salaried applicant with variable income/ unstructured income receiving, salary in cheque; b) Salaried applicant working with private limited companies (excluding those part of any large group companies / MNCs), proprietary, partnership firms; c) Self-employed Customers with sound business and profitable track record for more than 3 years; d) Companies having close family shareholding or beneficial ownership with group track record of more than 5 years. 	<ul style="list-style-type: none"> a) Salaried employees with well-defined fixed salary received through bank credit; b) People working with government owned companies, regulators and statutory bodies, MNCs, rated companies, PSUs, public limited companies, etc. <p><u>In the event of an existing Customer or the Beneficial Owner of an existing account subsequently becoming a PEP, the Company will obtain the approval of Chief Executive Officer or Head – Risk or any Key Managerial Personnel in such cases to continue the business relationship with such person, and undertake enhanced monitoring, in terms of this Policy.</u></p>

ANNEXURE II

Part I: CDD Measures:

The Company shall undertake CCD measures while establishing an account- based relationship with the Customers. Following are the details and documents which shall be verified and obtained from the Customers.

Customer	Documents (Certified copy)
<p>In case of Individuals:</p>	<p>Each of the following documents:</p> <ul style="list-style-type: none"> i) One recent photograph; ii) Certified Copy of any of the following OVD containing details of identity and address, <ul style="list-style-type: none"> - Passport, - Driving license, - Voter's identity card, - Proof of possession of Aadhaar number*. iii) Permanent account number or Form No. 60 iv) Other identity card (subject to the satisfaction of the Company) <p>In case the OVD furnished by the Customer does not contain updated address, the following documents shall be deemed to be OVD for the limited purpose of proof of address:</p> <ul style="list-style-type: none"> i) Utility bill which is not more than 2 (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 department, statutory or regulatory bodies, public sector undertaking, structured commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation. <p>Provided that the Customer shall submit updated OVD with current address within a period of 3 (Three) months of submitting the above documents.</p> <p>*Note: Wherever Aadhaar number is provided by a Customer as OVD, the Company shall ensure that the Customer redacts or blacks out the Aadhaar Number from the OVD through appropriate means prior to submission of the same.</p> <p>However, Aadhaar number is required to be submitted by the Customers who are desirous of availing / receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar Act (including any interest subsidy under Pradhan Mantri Awas Yojana), at the time of making an application for availing</p>

	such subsidy.
<p>In case of Sole Proprietary Firms:</p> <p>For Proprietor</p> <p>For the Proprietary Firm</p>	<p>Documents as required to be obtained for individuals.</p> <p>Any two of the following documents:</p> <ul style="list-style-type: none"> i) Registration certificate. ii) Certificate / licence issued by the municipal authorities under Shop and Establishment Act. iii) Sales and income tax returns. iv) CST/VAT/CST certificate (provisional/ final). v) Certificate/registration document issued by Sales Tax/Service Tax/ Professional Tax authorities. vi) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DCFT/Licence/ certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute. vii) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities. viii) Utility bills such as electricity, water, and landline telephone bills. <p>In cases where the Company is satisfied that it is not possible to furnish two such documents, the Company may, at its discretion, accept only one of those documents as proof of business/activity.</p> <p>Provided the Company shall undertake a contact point verification and collect such other information and clarification as would be required to establish the existence of such firm, and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.</p>
<p>In case of Companies:</p>	<p>One certified copy of each of the following documents to be obtained:</p> <ul style="list-style-type: none"> i) Certificate of incorporation, ii) Memorandum & Articles of Association, iii) Permanent account number of the company, iv) Resolution from the board of directors and power of attorney granted to its managers, officers or employees, as the case may be, to transact business on behalf of the company, v) In respect of managers, officers or employees, as the case may be, holding an attorney to transact on behalf of the company: <ul style="list-style-type: none"> - one copy of OVD containing details of identity and address, - one recent photograph and - Permanent account number or Form 60.

<p>In case of Partnership Firms:</p>	<p>One certified copy of each of the following documents to be obtained:</p> <ul style="list-style-type: none"> i) Registration certificate, ii) Partnership deed, iii) Permanent account number of the partnership firm, iv) Power of attorney granted to a partner or an employee of the firm to transact business on behalf of the partnership firm, v) In respect of the person holding an attorney to transact on behalf of the partnership firm: <ul style="list-style-type: none"> - one copy of OVD containing details of identity and address, - one recent photograph and - Permanent account number or Form 60.
<p>In case of Trusts:</p>	<p>One certified copy of each of the following documents to be obtained:</p> <ul style="list-style-type: none"> i) Registration Certificate, ii) Trust deed, iii) Permanent Account Number or Form No.60 of the trust, iv) Power of attorney granted to any person transact business on behalf of the trust, v) In respect of the person holding an attorney to transact on behalf of the trust: <ul style="list-style-type: none"> - one copy of OVD containing details of identity and address, - one recent photograph and - Permanent Account Number or Form 60.
<p>In case of Unincorporated Association or a Body of Individuals:</p>	<p>One certified copy of each of the following documents to be obtained:</p> <ul style="list-style-type: none"> i) resolution of the managing body of such association or body of individuals, ii) Permanent account number or Form No.60 of the unincorporated association or a body of individuals; iii) power of attorney granted to any person to transact on behalf of such association or body of individuals, iv) In respect of the person holding an attorney to transact on behalf of such association or body of individuals: <ul style="list-style-type: none"> - One copy of OVD containing details of identity and address, - one recent photograph and - Permanent account number or Form 60, v) such other information as may be required by the Company to collectively establish the legal existence of such as association or body of individuals. <p>Explanation - Unregistered trusts/partnership firms shall be included under the term 'unincorporated association' and the term 'body of individuals, includes societies.</p>

<p>In case of juridical persons not specifically covered in the earlier part, such as Government or its Departments, societies, universities and local bodies like village panchayats.</p>	<p>One certified copy of each of the following documents to be obtained:</p> <ul style="list-style-type: none"> i) Document showing name of the person authorized to act on behalf of such entity; ii) Permanent account number / OVD for proof of identity and address in respect of the person holding an attorney to transact on behalf such entity; and iii) Such documents as may be required by the Company to establish the legal existence of such an entity/juridical person.
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CDD Measures for Identification of Beneficial Owner

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

(a) Where the Customer or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or Beneficial Owner of such companies.

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

Part II: Enhanced Due Diligence Measures

Accounts of Non-Face-To-Face Customers:

In the case of Non-Face-To-Face Customers of the Company, apart from applying the usual Customer Identification Procedures, there must be specific and adequate procedures to mitigate the higher risk involved. Certification of all the documents presented may be insisted upon and, if necessary, additional documents may be called for. In the case of cross-border Customers, there is the additional difficulty of matching the Customer with the documentation and the Company may have to rely on third party certification/introduction. In such cases, it must be ensured that the third party is a regulated and supervised entity and has adequate KYC systems in place. The Company shall ensure that the first payment is to be effected through the Customer's KYC-complied account, for enhanced due diligence of Non-Face To Face Customers

Accounts of Politically Exposed Persons (PEPs):

The Company shall gather sufficient information pertaining to PEPs and check all the information available on the Person in the public domain. The Company shall verify the identity of the Person and seek information about the sources of funds before accepting the PEP as a Customer. The decision to provide financial services to an account for PEP shall be taken at a senior level and such accounts shall be subjected to enhanced monitoring on an ongoing basis. The above norms may also be applied to the accounts of the family members or close relatives of PEPs. 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. These instructions shall also be applicable to accounts where a PEP is the Beneficial Owner.

Customer's accounts opened by Professional Intermediaries:

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

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

ANNEXURE III

Illustrative List of Suspicious Transaction Pertaining to Financial Services:

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

2) A list of Suspicious Transactions pertaining to Individual:

- i) Legal structure of client has been altered numerous times (name changes, transfer of ownership, change of corporate seat).
- ii) Unnecessarily complex client structure;
- iii) Individual or classes of Transactions that take place outside the established business profile, and expected activities/ Transaction unclear;
- iv) Customer is reluctant to provide information, data, documents;
- v) Submission of false documents, data, purpose of loan, details of accounts;
- vi) Refuses to furnish details of source of funds by which initial contribution is made, sources of funds is doubtful etc.;
- vii) Reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons;
- viii) Approaches a branch/ office of a Company, which is away from the Customer's residential or business address provided in the loan application, when there is a branch/ office of the Company nearer to the given address;
- ix) Unable to explain or satisfy the numerous transfers in account/ multiple accounts;
- x) Initial contribution made through unrelated third party accounts without proper justification;
- xi) Availing a top-up loan and/ or equity loan, without proper justification of the end use of the loan amount;
- xii) Suggesting dubious means for the sanction of loan;
- xiii) Where Transactions do not make economic sense;
- xiv) Unusual financial Transactions with unknown source;
- xv) Payments received from un-associated or unknown third parties and payments for fees in cash where this would not be a typical method of payment;
- xvi) There are reasonable doubts over the real beneficiary of the loan and the flat to be purchased;
- xvii) Encashment of loan amount by opening a fictitious bank account;
- xviii) Applying for a loan knowing fully well that the property/dwelling unit to be financed has been funded earlier and that the same is outstanding;
- xix) Sale consideration stated in the agreement for sale is abnormally higher/lower than what is prevailing in the area of purchase;
- xx) Multiple funding of the same property/dwelling unit;
- xxi) Request for payment made in favour of a third party who has no relation to the Transaction;
- xxii) Usage of loan amount by the Customer in connivance with the vendor/builder/developer/broker/agent etc. and using the same for a purpose other than what has been stipulated;
- xxiii) Multiple funding / financing involving NCO / Charitable Organisation / Small / Medium Establishments (SMEs) / Self Help Groups (SHCs) / Micro Finance Groups (MFCs);
- xxiv) Frequent requests for change of address;
- xxv) Overpayment of instalments with a request to refund the overpaid amount;
- xxvi) Investment in real estate at a higher/lower price than expected;
- xxvii) Clients incorporated in countries that permit bearer shares.