

# Rajasthan Marudhara Gramin Bank

Department of Planning & Development and  
Risk Management  
Head Office Jodhpur

## RMGB KYC POLICY



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### Rajasthan Marudhara Gramin Bank RMGB KYC Policy





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## **RMGB KYC Policy**

In order to prevent our bank from being used as a channel for Money Laundering (ML)/ Terrorist Financing (TF) and to ensure the integrity and stability of the financial system, efforts are continuously being made both internationally and nationally, by way of prescribing various rules and regulations. Internationally, the Financial Action Task Force (FATF) which is an inter-governmental body established in 1989 by the Ministers of its member jurisdictions, sets standards and promotes effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. India, being a member of FATF, is committed to upholding measures to protect the integrity of international financial system.

In India, the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, form the legal framework on Anti-Money Laundering (AML) and Countering Financial of Terrorism (CFT)

In terms of the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time by the Government of India as notified by the Government of India, and RBI Master Directions on KYC (updated as on 04 May 2023) our Bank has to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions. RMGB should take steps to implement the provisions of the aforementioned Act & Rules and Master Directions, including operational instructions issued in pursuance of such amendment(s).

2. Accordingly, in exercise of the powers conferred by Sections 35A of the Banking Regulation Act, 1949, the Banking Regulation Act (AACs), 1949, read with Section 56 of the Act *ibid*, Sections 45JA, 45K and 45L of the Reserve Bank of India Act, 1934, Section 10 (2) read with Section 18 of Payment and Settlement Systems Act 2007 (Act 51 of 2007), Section 11(1) of the Foreign Exchange Management Act, 1999, Rule 9(14) of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank of India has issued KYC Master directions, basis which the KYC policy of the Bank is formulated, which is as above.

### **CHAPTER – I**

#### **PRELIMINARY**

##### **1. Short Title and Commencement.**

- (a) This policy will be called the Know Your Customer (KYC) Policy of RMGB.
- (b) This policy shall come into effect on the day of adoption of the policy from the Board.

##### **2. Applicability**

- (a) The provisions of this policy will apply to every branch/offices/BCs of Rajasthan Marudhara Gramin Bank where the customer on boarding and maintenance is taking place, except where specifically mentioned otherwise.
- (b) Provided that this rule will not apply to ‘small accounts’ referred to in Section 23 of Chapter VI of KYC Master Direction – 2016 issued by RBI vide Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016 and as specified in this policy document.



### 3. Definitions

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

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

The Bank means “Rajasthan Marudhara Gramin Bank” with all its branches and other offices.

- i. “Aadhaar number” shall have the meaning assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016);
- ii. “Act” and “Rules” means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto.
- iii. “Authentication”, in the context of Aadhaar authentication, means the process as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.
- iv. Beneficial Owner (BO)
  - a. Where the customer is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical persons, has/have a controlling ownership interest or who exercise control through other means.  
Explanation- For the purpose of this sub-clause-
    1. “Controlling ownership interest” means ownership of/entitlement to more than 10 per cent of the shares or capital or profits of the company.
    2. “Control” shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or share-holders agreements or voting agreements.
  - b. Where the customer is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 10 per cent of capital or profits of the partnership or who exercises control through other means.  
Explanation - For the purpose of this sub-clause, “control” will include the right to control the management or policy decision.
  - c. Where the customer is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 per cent of the property or capital or profits of the unincorporated association or body of individuals.  
Explanation: Term ‘body of individuals’ includes societies. Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.
  - d. Where the customer is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.
- v. Certified Copy” - Obtaining a certified copy by the bank shall mean comparing



the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the RE as per the provisions contained in the Act.

- vi. “Central KYC Records Registry” (CKYCR) means an entity defined under Rule 2(1) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.
- vii. “Designated Director” means a person designated by the bank to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules. A person who holds the position of senior management or equivalent designated as a ‘Designated Director’ in respect of Cooperative Banks and Regional Rural Banks. General Manager (Audit) is nominated ex officio as the Designated Director.
- viii. “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 the bank as per the provisions contained in the Act.
- ix. “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).
- x. “Equivalent e-document” means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.
- xi. “Group” – The term “group” shall have the same meaning assigned to it in clause (e) of sub-section (9) of section 286 of the Income-tax Act, 1961 (43 of 1961).
- xii. “Know Your Client (KYC) Identifier” means the unique number or code assigned to a customer by the Central KYC Records Registry.
- xiii. “Non-profit organizations” (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 (18 of 2013).
- xiv. “Officially Valid Document” (OVD) means the passport, the driving licence, 9proof of possession of Aadhaar number, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address.

Provided that,

- a. where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.
- b. where the OVD furnished by the customer does not have updated address, the following documents or the equivalent e-documents thereof shall be deemed to be OVDs for the limited purpose of proof of address –
  - i. utility bill which is not more than two months old of any service provider



- (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- ii. property or Municipal tax receipt;
  - iii. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
  - iv. letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation;
- c. the customer shall submit OVD with current address within a period of three months of submitting the documents specified at 'b' above.
- xv. "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).
  - xvi. "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).
  - xvii. "Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions by a foreign country, including the Heads of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials.
  - xviii. "Principal Officer" means an officer at the management level nominated by the bank, responsible for furnishing information as per rule 8 of the Rules. Chief Compliance Officer is nominated ex officio as the Principal Officer.
  - xix. "Suspicious transaction" means a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith:
    - a. gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
    - b. appears to be made in circumstances of unusual or unjustified complexity; or
    - c. appears to not have economic rationale or bona-fide purpose; or
    - d. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Explanation: Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organization or those who finance or are attempting to finance terrorism.
  - xx. A 'Small Account' means a savings account which is opened in terms of sub-rule



(5) of rule 9 of the PML Rules, 2005. Details of the operation of a small account and controls to be exercised for such account are specified in Section 23.

xxi. “Transaction” means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:

- a. opening of an account;
- b. deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;
- c. the use of a safety deposit box or any other form of safe deposit;
- d. entering into any fiduciary relationship;
- e. any payment made or received, in whole or in part, for any contractual or other legal obligation; or
- f. establishing or creating a legal person or legal arrangement.

xxii. “Video based Customer Identification Process (V-CIP)”: an alternate method of customer identification with facial recognition and customer due diligence by an authorized official of the RE by undertaking seamless, secure, live, informed-consent based audio-visual interaction with the customer to obtain identification information required for CDD purpose, and to ascertain the veracity of the information furnished by the customer through independent verification and maintaining audit trail of the process. Such processes complying with prescribed standards and procedures shall be treated on par with face-to-face CIP for the purpose of this policy.

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

- i. “Common Reporting Standards” (CRS) means reporting standards set for implementation of multilateral agreement signed to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters.
- ii. “Customer” means a person who is engaged in a financial transaction or activity with the bank, and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
- iii. “Walk-in Customer” means a person who does not have an account-based relationship with the bank, but undertakes transactions with the bank.
- iv. “Customer Due Diligence (CDD)” means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification. Explanation – The CDD, at the time of commencement of an account-based relationship or while carrying out occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations, shall include:
  - a. Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable;
  - b. Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;
  - c. Determining whether a customer is acting on behalf of a beneficial owner, and identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner, using reliable and independent sources of identification.
- v. “Customer identification” means undertaking the process of CDD.
- vi. “FATCA” means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report



about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.

- vii. “IGA” means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA.
- viii. “KYC Templates” means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.
- ix. “Non-face-to-face customers” means customers who open accounts without visiting the branch/offices of the bank or meeting the officials of the bank.
- x. “On-going Due Diligence” means regular monitoring of transactions in accounts to ensure that those are consistent with the Bank’s knowledge about the customers, customers’ business and risk profile, the source of funds / wealth.
- xi. “Periodic Updation” means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank.
- xii. “Shell Bank” means a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial group that is subject to effective consolidated supervision. Physical presence means meaningful mind and management located within a country. The existence simply of a local agent or low-level staff does not constitute physical presence.
- xiii. “Wire transfer” related definitions:
  - a. Batch transfer: Batch transfer is a transfer comprised of a number of individual wire transfers that are being sent to the same financial institutions but may/may not be ultimately intended for different persons.
  - b. Beneficiary: Beneficiary refers to a natural or legal person or legal arrangement who / which is identified by the originator as the receiver of the requested wire transfer.
  - c. Beneficiary RE: It refers to a financial institution, regulated by the RBI, which receives the wire transfer from the ordering financial institution directly or through an intermediary RE and makes the funds available to the beneficiary.
  - d. Cover Payment: Cover Payment refers to a wire transfer that combines a payment message sent directly by the ordering financial institution to the beneficiary financial institution with the routing of the funding instruction (the cover) from the ordering financial institution to the beneficiary financial institution through one or more intermediary financial institutions.
  - e. Cross-border wire transfer: Cross-border wire transfer refers to any wire transfer where the ordering financial institution and beneficiary financial institution are located in different countries. This term also refers to any chain of wire transfer in which at least one of the financial institutions involved is located in a different country.
  - f. Domestic wire transfer: Domestic wire transfer refers to any wire transfer where the ordering financial institution and beneficiary financial institution are located in India. This term, therefore, refers to any chain of wire transfer that takes place entirely within the borders of India, even though the system used to transfer the payment message may be located in another country.
  - g. Financial Institution: In the context of wire-transfer instructions, the term ‘Financial Institution’ shall have the same meaning as has been ascribed to it in the FATF Recommendations, as revised from time to time.





- h. Intermediary RE: Intermediary RE refers to a financial institution or any other entity, regulated by the RBI which handles an intermediary element of the wire transfer, in a serial or cover payment chain and that receives and transmits a wire transfer on behalf of the ordering financial institution and the beneficiary financial institution, or another intermediary financial institution.
  - i. Ordering RE: Ordering RE refers to the financial institution, regulated by the RBI, which initiates the wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the originator.
  - j. Originator: Originator refers to the account holder who allows the wire transfer from that account, or where there is no account, the natural or legal person that places the order with the ordering financial institution to perform the wire transfer.
  - k. Serial Payment: Serial Payment refers to a direct sequential chain of payment where the wire transfer and accompanying payment message travel together from the ordering financial institution to the beneficiary financial institution directly or through one or more intermediary financial institutions (e.g., correspondent banks).
  - l. Straight-through Processing: Straight-through processing refers to payment transactions that are conducted electronically without the need for manual intervention.
  - m. Unique transaction reference number: Unique transaction reference number refers to a combination of letters, numbers or symbols, determined by the payment service provider, in accordance with the protocols of the payment and settlement system or messaging system used for the wire transfer.
  - n. Wire transfer: Wire transfer refers to any transaction carried out on behalf of an originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary at a beneficiary financial institution, irrespective of whether the originator and the beneficiary are the same person.
- (c) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1935, the Prevention of Money Laundering Act, 2002, the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, the 14Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and regulations made thereunder, any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

## CHAPTER – II

### General

4. (a) This policy will be presented to the Board of Directors.
- (b) In terms of PML Rules, groups are required to implement group-wide policies for the purpose of discharging obligations under the provisions of Chapter IV of the PML Act, 2002. (15 of 2003). Accordingly, the Bank will implement group-wide programmes against money laundering and terror financing, including group-wide policies for sharing information required for the purposes of client due diligence and money laundering and terror finance risk management and such programmes shall include adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.
- (c) This policy framework will seek to ensure compliance with PML Act/Rules, including regulatory instructions in this regard and will provide a bulwark against threats arising



from money laundering, terrorist financing, proliferation financing and other related risks. While ensuring compliance of the legal/regulatory requirements as above, Bank may also consider adoption of best international practices taking into account the FATF standards and FATF guidance notes, for managing risks better.

## **5. This KYC policy includes following four key elements:**

- (a) Customer Acceptance Policy;
- (b) Risk Management;
- (c) Customer Identification Procedures (CIP); and
- (d) Monitoring of Transaction

## **5A. Money Laundering and Terrorist Financing Risk Assessment by the Bank:**

- (a) The Bank will carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.

The assessment process considers all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, the Bank will take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with REs from time to time.

- (b) The risk assessment by the bank will be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the bank. Further, the periodicity of risk assessment exercise will be determined by the Board or any committee of the Board of the bank, to which power in this regard has been delegated in alignment with the outcome of the risk assessment exercise. It will be reviewed at least annually.
- (c) The outcome of the exercise will be presented to the audit committee of the Board, and will be available to competent authorities and self-regulating bodies.

5B. The Bank will apply a Risk Based Approach (RBA) for mitigation and management of the risks (identified on their own or through national risk assessment) and should have Board approved policies, controls and procedures in this regard. The Bank will implement a CDD programme, having regard to the ML/TF risks identified and the size of business. Further, The Bank will monitor the implementation of the controls and enhance them if necessary.

## **6. Designated Director:**

- (a) A "Designated Director" means a person designated by the bank to ensure overall compliance with the obligations imposed under Chapter IV of the PML Act and the Rules and shall be nominated by the Board. General Manager (Audit) is nominated ex officio as the Designated Director.
- (b) The name, designation and address of the Designated Director shall be communicated to the FIU-IND.
- (c) Further, the name, designation, address and contact details of the Designated Director will also be communicated to the RBI.
- (d) In no case, the Principal Officer shall be nominated as the 'Designated Director'.

## **7. Principal Officer:**

- (a) The Principal Officer will be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations.



- (b) The name, designation and address of the Principal Officer will be communicated to the FIU-IND.
- (c) Further, the name, designation, address and contact details of the Principal Officer will also be communicated to the RBI.

## **8. Compliance of KYC policy**

- (a) the bank will ensure compliance with KYC Policy through:
  - i. General Managers & Regional Managers constitute 'Senior Management' for the purpose of KYC compliance.
  - ii. Effective implementation of policies and procedures is the responsibility of each RM and Branch Manager of the bank.
  - iii. Independent evaluation of the compliance functions of bank's KYC policy and procedures, including legal and regulatory requirements shall be done during RFIA.
  - iv. Concurrent/internal audit system will verify the compliance with KYC/AML policies and procedures.
  - v. Quarterly audit notes and compliance will be submitted to the Audit Committee.
- (b) Decision-making functions of determining compliance with KYC norms will not outsourced.

## **CHAPTER – III**

### **Customer Acceptance Policy**

- 9.** The Bank has a Customer Acceptance Policy.
- 10.** Without prejudice to the generality of the aspect that Customer Acceptance Policy may contain, The Bank will ensure that:
  - (a) No account is opened in anonymous or fictitious/benami name.
  - (b) No account is opened where the bank is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer. The Bank will consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.
  - (c) No transaction or account-based relationship is undertaken without following the CDD procedure.
  - (d) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.
  - (e) Additional information, where such information requirement has not been specified in the internal KYC Policy of the Bank, is obtained with the explicit consent of the customer after the account is opened.
  - (f) The Bank will apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of the bank desires to open another account with the same the bank, there shall be no need for a fresh CDD exercise.
  - (g) CDD Procedure is followed for all the joint account holders, while opening a joint account.
  - (h) Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
  - (i) Suitable system is put in place to ensure that the identity of the customer does not



match with any person or entity, whose name appears in the sanctions lists circulated by Reserve Bank of India.

- (j) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
- (k) Where an equivalent e-document is obtained from the customer, the bank will verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
- (l) Where Goods & Service Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.

**11.** Customer Acceptance Policy shall not result in denial of banking/financial facility to members of the general public, especially those, who are financially or socially disadvantaged.

11A. Where Bank forms a suspicion of money laundering or terrorist financing, and it reasonably believes that performing the CDD process will tip-off the customer, it shall not pursue the CDD process, and instead file an STR with FIU-IND.

## CHAPTER – IV

### Risk Management

**12.** For Risk Management, the Bank has a risk based approach which includes the following.

- (a) Customers shall be categorised as low, medium and high risk category, based on the assessment and risk perception of the bank
- (b) Broad principles may be laid down by the Bank for risk-categorisation of customers.
- (c) Risk categorisation will be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the customer's business and their location, geographical risk covering customers as well as transactions, type of products/services offered, delivery channel used for delivery of products/services, types of transaction undertaken – cash, cheque/monetary instruments, wire transfers, forex transactions etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.
- (d) The risk categorisation of a customer and the specific reasons for such categorisation will be kept confidential and will not be revealed to the customer to avoid tipping off the customer.

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

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

## CHAPTER - V

### Customer Identification Procedure (CIP)

**13.** The Bank will 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 it has obtained.



- (c) Selling third party products as agents, selling our own products.
- (d) Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.
- (e) When the bank has a reason to believe that a customer (account- based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.
- (f) The Bank shall ensure that introduction is not to be sought while opening accounts

## CHAPTER - VI

### Customer Due Diligence (CDD) Procedure

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

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

- (a) the Aadhaar number where,
  - i. he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or
  - ii. he decides to submit his Aadhaar number voluntarily to a bank or any RE notified under first proviso to sub-section (1) of section 11A of the PML Act;
- (aa) the proof of possession of Aadhaar number where offline verification can be carried out; or
- (ab) the proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; or
- (ac) the KYC Identifier with an explicit consent to download records from CKYCR; and
- (b) the Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and
- (c) such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the bank: Provided that where the customer has submitted,
  - i. Aadhaar number under clause (a) above to a bank notified under first proviso to sub-section (1) of section 11A of the PML Act, the bank shall carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India. Further, in such a case, if customer wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect to the bank.
  - ii. proof of possession of Aadhaar under clause (aa) above where offline verification can be carried out, the bank shall carry out offline verification.
  - iii. an equivalent e-document of any OVD, the bank shall verify the digital signature



- as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issues thereunder and take a live photo as specified under Annex I.
- iv. any OVD or proof of possession of Aadhaar number under clause (ab) above where offline verification cannot be carried out, the RE shall carry out verification through digital KYC as specified under Annex I.
  - v. KYC Identifier under clause (ac) above, the RE shall retrieve the KYC records online from the CKYCR in accordance with Section 56.

Provided that for a period not beyond such date as may be notified by the Government for a class of the bank, instead of carrying out digital KYC, the bank pertaining to such class 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.

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

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

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

Explanation 3: The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies

Benefits and Services) Act, 2016 and the regulations made thereunder.

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

- i. There must be a specific consent from the customer for authentication through OTP.
- ii. As a risk-mitigating measure for such accounts, Bank will ensure that transaction alerts, OTP, etc., are sent only to the mobile number of the customer registered with Aadhaar. Bank will have a board approved policy delineating a robust process of due diligence for dealing with requests for change of mobile number in such accounts.
- iii. the aggregate balance of all the deposit accounts of the customer shall not



- exceed rupees one lakh. In case, the balance exceeds the threshold, the account shall cease to be operational, till CDD as mentioned at (v) below is complete.
- iv. the aggregate of all credits in a financial year, in all the deposit accounts taken together, shall not exceed rupees two lakh.
  - v. Deposit Accounts, opened using OTP based e-KYC will not be allowed for more than one year unless identification as per Section 16 or as per Section 18 (V-CIP) is carried out. If Aadhaar details are used under Section 18, the process shall be followed in its entirety including fresh Aadhaar OTP authentication.
  - vi. If the CDD procedure as mentioned above is not completed within a year, in respect of deposit accounts, the same shall be closed immediately.
  - vii. A declaration will be obtained from the customer to the effect that no other account has been opened nor will be opened using OTP based KYC in non-face-to-face mode with any other financial institution. Further, while uploading KYC information to CKYCR, the Bank will clearly indicate that such accounts are opened using OTP based e-KYC and other financial institution shall not open accounts based on the KYC information of accounts opened with OTP based e-KYC procedure in non-face-to-face mode.
  - viii. The Bank shall have strict monitoring procedures including systems to generate alerts in case of any non-compliance/violation, to ensure compliance with the above mentioned conditions.

**16. The Bank will undertake V-CIP to carry out:**

- i. CDD in case of new customer on-boarding for individual customers, proprietor in case of proprietorship firm, authorised signatories and Beneficial Owners (BOs) in case of Legal Entity (LE) customers.  
Provided that in case of CDD of a proprietorship firm, the Bank shall also obtain the equivalent e-document of the activity proofs with respect to the proprietorship firm, as mentioned in Section 28 and Section 29, apart from undertaking CDD of the proprietor.
- ii. Conversion of existing accounts opened in non-face to face mode using Aadhaar OTP based e-KYC authentication as per Section 17.
- iii. Updation/Periodic updation of KYC for eligible customers.

The Bank will adhere to the following minimum standards:

**(a) V-CIP Infrastructure**

- a) The bank has complied with the RBI guidelines on minimum baseline cyber security and resilience framework for banks, as updated from time to time as well as other general guidelines on IT risks. The technology infrastructure should be housed in own premises of the bank and the V-CIP connection and interaction shall necessarily originate from its own secured network domain. Any technology related outsourcing for the process should be compliant with relevant RBI guidelines. Where cloud deployment model is used, it shall be ensured that the ownership of data in such model rests with the bank only and all the data including video recording is transferred to the bank's exclusively owned / leased server(s) including cloud server, if any, immediately after the V-CIP process is completed and no data shall be retained by the cloud service provider or third-party technology provider assisting the V-CIP of the RE.
- b) The bank will ensure end-to-end encryption of data between customer device and the hosting point of the V-CIP application, as per appropriate encryption standards. The customer consent should be recorded in an auditable and alteration proof manner.



- c) The V-CIP infrastructure / application should be capable of preventing connection from IP addresses outside India or from spoofed IP addresses.
- d) The video recordings should contain the live GPS co-ordinates (geo-tagging) of the customer undertaking the V-CIP and date-time stamp. The quality of the live video in the V-CIP shall be adequate to allow identification of the customer beyond doubt.
- e) The application shall have components with face liveness / spoof detection as well as face matching technology with high degree of accuracy, even though the ultimate responsibility of any customer identification rests with the bank. Appropriate artificial intelligence (AI) technology can be used to ensure that the V-CIP is robust
- f) Based on experience of detected / attempted / 'near-miss' cases of forged identity, the technology infrastructure including application software as well as work flows shall be regularly upgraded. Any detected case of forged identity through V-CIP shall be reported as a cyber event under extant regulatory guidelines.
- g) The V-CIP infrastructure shall undergo necessary tests such as Vulnerability Assessment, Penetration testing and a Security Audit to ensure its robustness and end-to-end encryption capabilities. Any critical gap reported under this process shall be mitigated before rolling out its implementation. Such tests should be conducted by suitably accredited agencies as prescribed by the empanelled auditors of Indian Computer Emergency Response Team (CERT-In). Such tests should also be carried out periodically in conformance to internal / regulatory guidelines.
- h) The V-CIP application software and relevant APIs / web services shall also undergo appropriate testing of functional, performance, maintenance strength before being used in live environment. Only after closure of any critical gap found during such tests, the application should be rolled out. Such tests shall also be carried out periodically in conformity with internal/ regulatory guidelines.

**(b) V-CIP Procedure**

- a) Each Bank shall formulate a clear work flow and standard operating procedure for V-CIP and ensure adherence to it. The V-CIP process shall be operated only by officials of the Bank specially trained for this purpose. The official should be capable to carry out liveness check and detect any other fraudulent manipulation or suspicious conduct of the customer and act upon it.
- b) Disruption of any sort including pausing of video, reconnecting calls, etc., should not result in creation of multiple video files. If pause or disruption is not leading to the creation of multiple files, then there is no need to initiate a fresh session by the Bank. However, in case of call drop / disconnection, fresh session shall be initiated.
- c) The sequence and/or type of questions, including those indicating the liveness of the interaction, during video interactions shall be varied in order to establish that the interactions are real-time and not pre-recorded.
- d) Any prompting, observed at end of customer shall lead to rejection of the account opening process.
- e) The fact of the V-CIP customer being an existing or new customer, or if it relates to a case rejected earlier or if the name appearing in some negative list should be factored in at appropriate stage of work flow.
- f) The authorised official of the bank performing the V-CIP shall record audio-video as well as capture photograph of the customer present for identification and obtain





the identification information using any one of the following

- a. OTP based Aadhaar e-KYC authentication
- b. Offline Verification of Aadhaar for identification
- c. KYC records downloaded from CKYCR, in accordance with Section 56, using the KYC identifier provided by the customer
- d. Equivalent e-document of Officially Valid Documents (OVDs) including documents issued through Digilocker

The bank shall ensure to redact or blackout the Aadhaar number in terms of Section 16.

In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than three working days from the date of carrying out V-CIP.

Further, in line with the prescribed period of three working days for usage of Aadhaar XMLfile / Aadhaar QR code, the bank shall ensure that the video process of the V-CIP is undertaken within three working days of downloading / obtaining the identification information through CKYCR / Aadhaar authentication / equivalent e-document, if in the rare cases, the entire process cannot be completed at one go or seamlessly. However, The bank shall ensure that no incremental risk is added due to this.

- g) If the address of the customer is different from that indicated in the OVD, suitable records of the current address shall be captured, as per the existing requirement. It shall be ensured that the economic and financial profile/information submitted by the customer is also confirmed from the customer undertaking the V-CIP in a suitable manner.
- h) The bank shall capture a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority including through Digilocker.
- i) Use of printed copy of equivalent e-document including e-PAN is not valid for the V-CIP.
- j) The authorised official of the bank will ensure that photograph of the customer in the Aadhaar/OVD and PAN/e-PAN matches with the customer undertaking the V-CIP and the identification details in Aadhaar/OVD and PAN/e-PAN shall match with the details provided by the customer.
- k) All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process and its acceptability of the outcome.
- l) All matters not specified under the paragraph but required under other statutes such as the Information Technology (IT) Act will be appropriately complied with by the bank.

**(c) V-CIP Records and Data Management**

- a) The entire data and recordings of V-CIP will be stored in a system / systems located in India. The Bank will ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp that affords easy historical data search. The extant instructions on record management, as stipulated in this policy, will also be applicable for V-CIP.
- b) The activity log along with the credentials of the official performing the V-CIP



will be preserved.

**17.** Notwithstanding anything contained in Section 16 and as an alternative thereto, in case an individual who desires to open a bank account, the bank will open a 'Small Account', which entails the following limitations:

- i. the aggregate of all credits in a financial year does not exceed rupees one lakh;
- ii. the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and
- iii. the balance at any point of time does not exceed rupees fifty thousand.

Provided, that this limit on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements.

Further, small accounts are subject to the following conditions:

- i. The bank shall obtain a self-attested photograph from the customer.
- ii. The designated officer of the bank certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence.  
Provided that where the individual is a prisoner in a jail, the signature or thumb print shall be affixed in presence of the officer in-charge of the jail and the said officer shall certify the same under his signature and the account shall remain operational on annual submission of certificate of proof of address issued by the officer in-charge of the jail.
- iii. Such accounts are opened only at Core Banking Solution (CBS) linked branches or in a branch where it is possible to manually monitor and ensure that foreign remittances are not credited to the account.
- iv. Banks shall ensure that the stipulated monthly and annual limits on aggregate of transactions and balance requirements in such accounts are not breached, before a transaction is allowed to take place.
- v. The account shall remain operational initially for a period of twelve months which can be extended for a further period of twelve months, provided the account holder applies and furnishes evidence of having applied for any of the OVDs during the first twelve months of the opening of the said account.
- vi. The entire relaxation provisions shall be reviewed after twenty-four months.
- vii. Notwithstanding anything contained in clauses (e) and (f) above, the small account shall remain operational between April 1, 2020 and June 30, 2020 and such other periods as may be notified by the Central Government.
- viii. The account shall be monitored and when there is suspicion of money laundering or financing of terrorism activities or other high risk scenarios, the identity of the customer shall be established as per Section 16 or Section 18.
- ix. Foreign remittance shall not be allowed to be credited into the account unless the identity of the customer is fully established as per Section 16 or Section 18.

**18.** KYC verification once done by one branch/office of the bank shall be valid for transfer of the account to any other branch/office of the same bank, provided full KYC verification has already been done for the concerned account and the same is not due for periodic updation.

### **Part II - CDD Measures for Sole Proprietary firms**

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

**20.** In addition to the above, any two of the following documents or the equivalent e-documents



there of as a proof of business/ activity in the name of the proprietary firm shall also be obtained:

- (a) Registration certificate including Udyam Registration Certificate (URC) issued by the Government
  - (b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
  - (c) Sales and income tax returns.
  - (d) CST/VAT/ GST certificate (provisional/final).
  - (e) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.
  - (f) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
  - (g) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.
  - (h) Utility bills such as electricity, water, landline telephone bills, etc.
- 21.** In cases where the REs are satisfied that it is not possible to furnish two such documents, REs may, at their discretion, accept only one of those documents as proof of business/activity.
- Provided REs undertake contact point verification and collect such other information and clarification as would be required to establish the existence of such firm, and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.

### **Part III- CDD Measures for Legal Entities**

- 22.** For opening an account of a company, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:
- (a) Certificate of incorporation
  - (b) Memorandum and Articles of Association
  - (c) Permanent Account Number of the company
  - (d) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf
  - (e) Documents, as specified in Section 16, relating to beneficial owner, the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf
  - (f) the names of the relevant persons holding senior management position; and
  - (g) the registered office and the principal place of its business, if it is different.
- 23.** For opening an account of a partnership firm, the certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:
- (a) Registration certificate
  - (b) Partnership deed
  - (c) Permanent Account Number of the partnership firm and
  - (d) Documents, as specified in Section 16, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
  - (e) the names of all the partners and
  - (f) address of the registered office, and the principal place of its business, if it is different.
- 24.** For opening an account of a trust, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:
- (a) Registration certificate



- (b) Trust deed
- (c) Permanent Account Number or Form No.60 of the trust
- (d) Documents, as specified in Section 16, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
- (e) the names of the beneficiaries, trustees, settlor protector, if any and authors of the trust
- (f) the address of the registered office of the trust; and
- (g) list of trustees and documents, as specified in Section 16, for those discharging the role as trustee and authorised to transact on behalf of the trust.

**25.A** For opening an account of an unincorporated association or a body of individuals, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:

- (a) Resolution of the managing body of such association or body of individuals
- (b) Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals
- (c) Power of attorney granted to transact on its behalf
- (d) Documents, as specified in Section 16, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and
- (e) Such information as may be required by the RE to collectively establish the legal existence of such an association or body of individuals.

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

Explanation: Term 'body of individuals' includes societies.

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

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

Provided that in case of a trust, the Bank will ensure that trustees disclose their status at the time of commencement of an account-based relationship or when carrying out transactions as specified in clauses (b), (e) and (f) of Section 13 of Reserve Bank of India Master Direction.

#### **Part IV - Identification of Beneficial Owner**

**26.** For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps in terms of sub-rule (3) of Rule 9 of the Rules to verify his/her identity shall be undertaken keeping in view the following:

- (a) Where the customer or the owner of the controlling interest is (i) an entity listed on a stock exchange in India, or (ii) it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions, or (iii) it is a subsidiary of such listed entities; it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.
- (b) In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined.



In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

### Part V - On-going Due Diligence

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

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

29. The extent of monitoring shall be aligned with the risk category of the customer.  
Explanation: High risk accounts have to be subjected to more intensified monitoring.
- (a) A system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.
  - (b) The transactions in accounts of marketing firms, especially accounts of Multi-level Marketing (MLM) Companies shall be closely monitored.  
Explanation: Cases where a large number of cheque books are sought by the company and/or multiple small deposits (generally in cash) across the country in one bank account and/or where a large number of cheques are issued bearing similar amounts/dates, shall be immediately reported to Reserve Bank of India and other appropriate authorities such as FIU-IND.

### 30. Updation / Periodic Updation of KYC

The Bank shall adopt a risk-based approach for periodic updation of KYC ensuring that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high risk. However, periodic updation shall be carried out at least once in every two years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers from the date of opening of the account / last KYC updation. Policy in this regard is documented as part of this KYC policy duly approved by the Board of Directors.

#### (a) Individual Customers:

- 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 the RE, customer's mobile number registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), 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 will be obtained from the customer through customer's email-id registered with the bank, customer's mobile number



registered with the bank, 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, the bank will obtain a copy of OVD or deemed OVD as defined in Section 3(a)(xiv) of RBI Master Direction, or the equivalent e- documents thereof, as defined in Section 3(a)(xiii) (x), for the purpose of proof of address, declared by the customer at the time of periodic updation.

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 bank. Wherever required, the bank will 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 periodic updation. To clarify, conditions stipulated in Section 17 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. Bank shall ensure that the mobile number for Aadhaar authentication is same as the one available with them in the customer's profile, in order to prevent any fraud.

**(b) Customers other than individuals:**

i. **No change in KYC information:** In case of no change in the KYC information of the LE customer, a self-declaration in this regard shall be obtained from the LE customer through its email id registered with the bank, letter from an official authorized by the LE in this regard, board resolution etc. Further, bank will ensure 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, the Bank will undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.

**(c) Additional measures:** In addition to the above, the Bank will ensure that

i. The KYC documents of the customer as per the current CDD standards are available with them. This is applicable even if there is no change in customer information but the documents available with the bank are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the bank has expired at the time of periodic updation of KYC, the bank shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.

ii. Customer's PAN details, if available with the bank, is verified from the database of the issuing authority at the time of periodic updation of KYC.

iii. Acknowledgment will be provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of periodic updation of KYC are promptly updated in the records / database of the bank and an intimation, mentioning the date of updation of KYC details, is provided to the customer.

iv. In order to ensure customer convenience, the facility of periodic updation of KYC



at any branch is extended, in terms of their internal KYC policy duly approved by the Board of Directors.

- v. The Bank will adopt a risk-based approach with respect to periodic updation of KYC. No exception shall be allowed in the above rekyc guidelines.
- vi. The Bank will ensure that their internal KYC policy and processes on updation / periodic updation of KYC are transparent and adverse actions against the customers should be avoided, unless warranted by specific regulatory requirements.

(d) Bank shall advise the customers that in order to comply with the PML Rules, in case of any update in the documents submitted by the customer at the time of establishment of business relationship / account-based relationship and thereafter, as necessary; customers shall submit to the bank the update of such documents. This shall be done within 30 days of the update to the documents for the purpose of updating the records at bank's end.

**31.** In case of existing customers, the Bank will obtain the Permanent Account Number or equivalent e-document thereof or Form No.60, by such date as may be notified by the Central Government, failing which the Bank will temporarily cease operations in the account till the time the Permanent Account Number or equivalent e-documents thereof or Form No. 60 is submitted by the customer.

Provided that before temporarily ceasing operations for an account, the bank will give the customers an accessible notice and a reasonable opportunity to be heard. The customer can have the relaxation to provide Permanent Account Number or equivalent e-document thereof or Form No. 60 owing to injury, illness or infirmity on account of old age or otherwise, and such like causes Such accounts shall, however, be subject to enhanced monitoring

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

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

## **Part VI - Enhanced and Simplified Due Diligence Procedure**

### **A. Enhanced Due Diligence**

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



a) In case the Bank has introduced the process of V-CIP, the same shall be provided as the first option to the customer for remote onboarding. It is reiterated that processes complying with prescribed standards and procedures for V-CIP shall be treated on par with face-to-face CIP for the purpose of this Master Direction.

b) In order to prevent frauds, alternate mobile numbers shall not be linked post CDD with such accounts for transaction OTP, transaction updates, etc. Transactions shall be permitted only from the mobile number used for account opening. The Bank will have a Board approved policy delineating a robust process of due diligence for dealing with requests for change of registered mobile number.

c) Apart from obtaining the current address proof, the Bank will verify the current address through positive confirmation before allowing operations in the account. Positive confirmation may be carried out by means such as address verification letter, contact point verification, deliverables, etc.

d) The Bank will obtain PAN from the customer and the PAN shall be verified from the verification facility of the issuing authority.

e) First transaction in such accounts shall be a credit from existing KYC-complied bank account of the customer.

f) Such customers shall be categorized as high-risk customers and accounts opened in non-face to face mode shall be subjected to enhanced monitoring until the identity of the customer is verified in face-to-face manner or through V-CIP.

### **33. Accounts of Politically Exposed Persons (PEPs)**

A. the Bank shall have the option of establishing a relationship with PEPs (whether as customer or beneficial owner) provided that, apart from performing normal customer due diligence:

- (a) Bank has in place appropriate risk management systems to determine whether the customer or the beneficial owner is a PEP;
- (b) Reasonable measures are taken by the bank for establishing the source of funds / wealth;
- (c) the approval to open an account for a PEP shall be obtained from the senior management;
- (d) all such accounts are subjected to enhanced monitoring on an on-going basis;
- (e) in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, Regional Manager's approval is obtained to continue the business relationship;
- (f) the CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable.

B. These instructions shall also be applicable to family members or close associates of PEPs.

### **34. Simplified norms for Self Help Groups (SHGs)**

- (a) CDD of all the members of SHG shall not be required while opening the savings bank account of the SHG.
- (b) CDD of all the office bearers shall suffice.
- (c) Customer Due Diligence (CDD) of all the members of SHG may be undertaken at the time of credit linking of SHGs.





## CHAPTER - VII Record Management

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

Explanation. – For the purpose of this Section, the expressions "records pertaining to the identification", "identification records", etc., shall include updated records of the identification data, account files, business correspondence and results of any analysis undertaken.

**35A.** Bank will ensure that in case of customers who are non-profit organisations, the details of such customers are registered on the DARPAN Portal of NITI Aayog. If the same are not registered, the Bank will register the details on the DARPAN Portal. The Bank will also maintain such registration records for a period of five years after the business relationship between the customer and the Bank has ended or the account has been closed, whichever is later.

## CHAPTER - VIII

### Reporting Requirements to Financial Intelligence Unit – India

- 36.** The Bank will furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to in Rule 3 of the PML (Maintenance of Records) Rules, 2005 in terms of Rule 7 thereof.
- 37.** The reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports shall be taken note of.
- 38.** While furnishing information to the Director, FIU-IND, delay of each day in not reporting



a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in the Rule shall be constituted as a separate violation. The Bank will not put any restriction on operations in the accounts merely on the basis of the STR filed.

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

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

## CHAPTER - IX

### Requirements / obligations under International Agreements Communications from International Agencies

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#### **40. Obligations under the Unlawful Activities (Prevention) (UAPA) Act, 1967:**

(a) The Bank will ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC). The details of the two lists are as under:

- i. The “ISIL (Da’esh) & Al-Qaida Sanctions List”, which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/al-qaida-r.xsl> {Every update in this list is circulated by the Bank}
- ii. The “1988 Sanctions List”, consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the Taliban which is available at <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/taliban-r.xsl>. {Every update in this list is circulated by the Bank}

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



- (b) Details of accounts resembling any of the individuals/entities in the lists will be reported to FIU-IND apart from advising Ministry of Home Affairs (MHA) as required under UAPA notification dated 55February 2, 2021 (Annex II of RBI master directions) as per prevalent instructions.

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

- (c) Freezing of Assets under Section 51A of UAPA, 1967: The procedure laid down in the UAPA Order dated 56February 2, 2021 (Annex II of this Master Direction) shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured. The list of Nodal Officers for UAPA is available on the website of MHA.

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

- (a) Bank will ensure meticulous compliance with the “Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005” laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated September 1, 2023, by the Ministry of Finance, Government of India (Annex III of RBI Master Direction).
- (b) In accordance with paragraph 3 of the aforementioned Order, bank will ensure not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list.
- (c) Further, Bank will run a check, on the given parameters, at the time of establishing a relation with a customer and on a periodic basis to verify whether individuals and entities in the designated list are holding any funds, financial asset, etc., in the form of bank account, etc.
- (d) In case of match in the above cases, Bank will immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (CNO), designated as the authority to exercise powers under Section 12A of the WMD Act, 2005. A copy of the communication will be sent to State Nodal Officer, where the account / transaction is held and to the RBI. Bank will file an STR with FIU-IND covering all transactions in the accounts, covered above, carried through or attempted.

It may be noted that in terms of Paragraph 1 of the Order, Director, FIU-India has been designated as the CNO.

- (e) Bank may refer to the designated list, as amended from time to time, available on the portal of FIU-India.
- (f) In case there are reasons to believe beyond doubt that funds or assets held by a customer would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A of the WMD Act, 2005, Bank will prevent such individual/entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post, without delay.
- (g) In case an order to freeze assets under Section 12A is received by the bank from the CNO, bank shall, without delay, take necessary action to comply with the Order.
- (h) The process of unfreezing of funds, etc., will be observed as per paragraph 7 of the Order. Accordingly, copy of application received from an individual/entity regarding unfreezing will be forwarded by the bank along with full details of the asset frozen, as given by the applicant, to the CNO by email, FAX and by post, within two working days.



**42.** Bank will verify every day, the ‘UNSCR 1718 Sanctions List of Designated Individuals and Entities’, as available at <https://www.mea.gov.in/Implementation-of-UNSC-Sanctions-DPRK.htm>, to take into account any modifications to the list in terms of additions, deletions or other changes and also ensure compliance with the ‘Implementation of Security Council Resolution on Democratic People’s Republic of Korea Order, 2017’, as amended from time to time by the Central Government.

42A. In addition to the above, Bank will take into account – (a) other UNSCRs and (b) lists in the first schedule and the fourth schedule of UAPA, 1967 and any amendments to the same for compliance with the Government orders on implementation of Section 51A of the UAPA and Section 12A of the WMD Act.

42B. Bank will undertake countermeasures when called upon to do so by any international or intergovernmental organisation of which India is a member and accepted by the Central Government.

### **43. Jurisdictions that do not or insufficiently apply the FATF Recommendations**

(a) FATF Statements circulated by Reserve Bank of India from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered. The Bank will apply enhanced due diligence measures, which are effective and proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.

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

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

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

## **CHAPTER - X**

### **Other Instructions**

#### **44. Secrecy Obligations and Sharing of Information:**

(a) Bank shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the bank and customer.

(b) Information collected from customers for the purpose of opening of account shall be treated as confidential and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer.

(c) While considering the requests for data/information from Government and other agencies, banks shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in the banking transactions.



- (d) The exceptions to the said rule shall be as under:
- Where disclosure is under compulsion of law
  - Where there is a duty to the public to disclose,
  - the interest of bank requires disclosure and
  - Where the disclosure is made with the express or implied consent of the customer.

#### 44A. Compliance with the provisions of Foreign Contribution (Regulation) Act, 2010

Banks will ensure adherence to the provisions of Foreign Contribution (Regulation) Act, 2010 and Rules made thereunder. Further, banks will also ensure meticulous compliance with any instructions / communications on the matter issued from time to time by the Reserve Bank based on advice received from the Ministry of Home Affairs, Government of India.

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

- (a) Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015.
- (b) In terms of provision of Rule 9(1A) of PML Rules, the Bank capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.
- (c) Operational Guidelines for uploading the KYC data have been released by CERSAI which has been issued as circular in our Bank.
- (d) The Bank Will capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as per the KYC templates prepared for 'Individuals' and 'Legal Entities' (LEs), as the case may be. The templates may be revised from time to time, as may be required and released by CERSAI.
- (e) The 'live run' of the CKYCR started from July 15, 2016 in phased manner beginning with new 'individual accounts'. Accordingly, Scheduled Commercial Banks (SCBs) are required to invariably upload the KYC data pertaining to all new individual accounts opened on or after January 1, 2017, with CKYCR. SCBs were initially allowed time up-to February 1, 2017, for uploading data in respect of accounts opened during January 2017.
- REs other than SCBs were required to start uploading the KYC data pertaining to all new individual accounts opened on or after from April 1, 2017, with CKYCR in terms of the provisions of the Rules *ibid*.
- (f) REs shall upload KYC records pertaining to accounts of LEs opened on or after April 1, 2021, with CKYCR in terms of the provisions of the Rules *ibid*. The KYC records have to be uploaded as per the LE Template released by CERSAI.
- (g) Once KYC Identifier is generated by CKYCR, the Bank shall ensure that the same is communicated to the individual/LE as the case may be.
- (h) In order to ensure that all KYC records are incrementally uploaded on to CKYCR, the Bank shall upload/update the KYC data pertaining to accounts of individual customers and LEs opened prior to the above mentioned dates as per (e) and (f) respectively at the time of periodic updation as specified in Section 38 of this Master Direction, or earlier, when the updated KYC information is obtained/received from the customer
- (i) The Bank will ensure that during periodic updation, the customers are migrated to the current CDD standard.



- (j) Where a customer, for the purposes of establishing an account based relationship, submits a KYC Identifier to the bank, with an explicit consent to download records from CKYCR, then such bank shall retrieve the KYC records online from the CKYCR using the KYC Identifier and the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless –
- i. there is a change in the information of the customer as existing in the records of CKYCR;
  - ii. the current address of the customer is required to be verified;
  - iii. the bank considers it necessary in order to verify the identity or address of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the client
  - iv. the validity period of documents downloaded from CKYCR has lapsed.

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

Under FATCA and CRS, the bank shall adhere to the provisions of Income Tax Rules 114F, 114G and 114H and determine whether they are a Reporting Financial Institution as defined in Income Tax Rule 114F and if so, shall take following steps for complying with the reporting requirements:

- (a) Register on the related e-filing portal of Income Tax Department as Reporting Financial Institutions at the link <https://incometaxindiaefiling.gov.in/> post login --> My Account --> Register as Reporting Financial Institution,
- (b) Submit online reports by using the digital signature of the ‘Designated Director’ by either uploading the Form 61B or ‘NIL’ report, for which, the schema prepared by Central Board of Direct Taxes (CBDT) shall be referred to.  
Explanation: the bank shall refer to the spot reference rates published by Foreign Exchange Dealers’ Association of India (FEDAI) on their website at <http://www.fedai.org.in/RevaluationRates.aspx> for carrying out the due diligence procedure for the purposes of identifying reportable accounts in terms of Rule 114H.
- (c) Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H.
- (d) Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules.
- (e) Constitute a “High Level Monitoring Committee” under the Designated Director or any other equivalent functionary to ensure compliance.
- (f) Ensure compliance with updated instructions/ rules/ guidance notes/ Press releases/ issued on the subject by Central Board of Direct Taxes (CBDT) from time to time and available on the web site <http://www.incometaxindia.gov.in/Pages/default.aspx>. The Bank has to take note of the following:
  - i. updated Guidance Note on FATCA and CRS
  - ii. a press release on ‘Closure of Financial Accounts’ under Rule 114H (8).

#### **47. Period for presenting payment instruments**

Payment of cheques/drafts/pay orders/banker’s cheques, if they are presented beyond the



period of three months from the date of such instruments, shall not be made.

#### **48. Operation of Bank Accounts & Money Mules**

The instructions on opening of accounts and monitoring of transactions shall be strictly adhered to, in order to minimise the operations of “Money Mules” which are used to launder the proceeds of fraud schemes (e.g., phishing and identity theft) by criminals who gain illegal access to deposit accounts by recruiting third parties which act as “money mules.” Banks will undertake diligence measures and meticulous monitoring to identify accounts which are operated as Money Mules and take appropriate action, including reporting of suspicious transactions to FIU-IND. Further, if it is established that an account opened and operated is that of a Money Mule, but no STR was filed by the concerned bank, it shall then be deemed that the bank has not complied with these directions.

#### **49. Collection of Account Payee Cheques**

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

#### **50.**

- (a) A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with individual customers as also the existing individual customers by bank.
- (b) The banks shall, at their option, not issue UCIC to all walk-in/occasional customers such as buyers of pre-paid instruments/purchasers of third party products provided it is ensured that there is adequate mechanism to identify such walk-in customers who have frequent transactions with them and ensure that they are allotted UCIC.

#### **51. Introduction of New Technologies**

Bank shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products.

Further, Bank shall ensure:

- (a) to undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and
- (b) adoption of a risk-based approach to manage and mitigate the risks through appropriate EDD measures and transaction monitoring, etc.

#### **52. Wire transfer**

- A. Information requirements for wire transfers for the purpose of this KYC Policy:
  - i. All cross-border wire transfers shall be accompanied by accurate, complete, and meaningful originator and beneficiary information as mentioned below:
    - a. name of the originator;
    - b. the originator account number where such an account is used to process the transaction;



- c. the originator's address, or national identity number, or customer identification number, or date and place of birth;
- d. name of the beneficiary; and
- e. the beneficiary account number where such an account is used to process the transaction.

In the absence of an account, a unique transaction reference number should be included which permits traceability of the transaction.

ii. In case of batch transfer, where several individual cross-border wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, they (i.e., individual transfers) are exempted from the requirements of clause (i) above in respect of originator information, provided that they include the originator's account number or unique transaction reference number, as mentioned above, and the batch file contains required and accurate originator information, and full beneficiary information, that is fully traceable within the beneficiary country.

iii. Domestic wire transfer, where the originator is an account holder of the ordering Bank, shall be accompanied by originator and beneficiary information, as indicated for cross-border wire transfers in (i) and (ii) above.

iv. Domestic wire transfers of rupees fifty thousand and above, where the originator is not an account holder of the ordering Bank, shall also be accompanied by originator and beneficiary information as indicated for cross-border wire transfers.

In case of domestic wire transfers below rupees fifty thousand where the originator is not an account holder of the ordering RE and where the information accompanying the wire transfer can be made available to the beneficiary RE and appropriate authorities by other means, it is sufficient for the ordering RE to include a unique transaction reference number, provided that this number or identifier will permit the transaction to be traced back to the originator or the beneficiary.

The ordering RE shall make the information available within three working/business days of receiving the request from the intermediary RE, beneficiary RE, or from appropriate competent authorities.

v. Bank will ensure that all the information on the wire transfers shall be immediately made available to appropriate law enforcement authorities, prosecuting / competent authorities as well as FIU-IND on receiving such requests with appropriate legal provisions.

vi. The wire transfer instructions are not intended to cover the following types of payments:

a. Any transfer that flows from a transaction carried out using a credit card / debit card / Prepaid Payment Instrument (PPI), including through a token or any other similar reference string associated with the card / PPI, for the purchase of goods or services, so long as the credit or debit card number or PPI id or reference number accompanies all transfers flowing from the transaction. However, when a credit or debit card or PPI is used as a payment system to effect a person-to-person wire transfer, the wire transfer instructions shall apply to such transactions and the necessary information should be included in the message.

b. Financial institution-to-financial institution transfers and settlements, where both the originator person and the beneficiary person are regulated financial institutions acting on their own behalf.





It is, however, clarified that nothing within these instructions will impact the obligation of an Bank to comply with applicable reporting requirements under PML Act, 2002, and the Rules made thereunder, or any other statutory requirement in force.

**B. Responsibilities of ordering Bank, intermediary Bank and beneficiary Bank, effecting wire transfer, are as under:**

**i. Ordering Bank:**

- a. The ordering Bank will ensure that all cross-border and qualifying domestic wire transfers {viz., transactions as per clauses (iii) and (iv) of paragraph 'A' above}, contain required and accurate originator information and required beneficiary information, as indicated above.
- b. Customer Identification will be made if a customer, who is not an account holder of the ordering Bank, is intentionally structuring domestic wire transfers below rupees fifty thousand to avoid reporting or monitoring. In case of non-cooperation from the customer, efforts shall be made to establish identity and if the same transaction is found to be suspicious, STR may be filed with FIU-IND in accordance with the PML Rules.
- c. Ordering Bank will not execute the wire transfer if it is not able to comply with the requirements stipulated in this section.

**ii. Intermediary Bank:**

- a. Bank processing an intermediary element of a chain of wire transfers will ensure that all originator and beneficiary information accompanying a wire transfer is retained with the transfer.
- b. Where technical limitations prevent the required originator or beneficiary information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer, the intermediary Bank will keep a record, for at least five years, of all the information received from the ordering financial institution or another intermediary Bank.
- c. Intermediary Bank will take reasonable measures to identify cross-border wire transfers that lack required originator information or required beneficiary information. Such measures should be consistent with straight-through processing.
- d. Intermediary Bank will have effective risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action including seeking further information and if the transaction is found to be suspicious, reporting to FIU-IND in accordance with the PML Rules.

**iii. Beneficiary Bank:**

- a. Beneficiary Bank will take reasonable measures, including post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers and qualifying domestic wire transfers {viz., transactions as per clauses (iii) and (iv) of paragraph 'A' above}, that lack required originator information or required beneficiary information.
- b. Beneficiary Bank will have effective risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action including seeking further information and if the transaction is found to be suspicious, reporting to FIU-IND in accordance with the PML Rules.

**iv. Money Transfer Service Scheme (MTSS) providers and other Banks are required to comply with all of the relevant requirements of this Section, whether they are providing services directly or through their agents. Bank that controls both the ordering and the beneficiary side of a wire transfer will**

- a. take into account all the information from both the ordering and beneficiary sides in order to determine whether an STR has to be filed; and



- b. file an STR with FIU, in accordance with the PML Rules, if a transaction is found to be suspicious.

### **C. Other Obligations**

#### **i. Obligations in respect of Bank's engagement or involvement with unregulated entities in the process of wire transfer**

Bank will be cognizant of their obligations under these instructions and ensure strict compliance, in respect of engagement or involvement of any unregulated entities in the process of wire transfer. More specifically, whenever there is involvement of any unregulated entities in the process of wire transfers, the concerned Bank will be fully responsible for information, reporting and other requirements and therefore will ensure, inter alia, that,

- i. there is unhindered flow of complete wire transfer information, as mandated under these directions, from and through the unregulated entities involved;
- ii. the agreement / arrangement, if any, with such unregulated entities by the Bank clearly stipulates the obligations under wire transfer instructions; and
- iii. a termination clause is available in their agreement / arrangement, if any, with such entities so that in case the unregulated entities are unable to support the wire information requirements, the agreement / arrangement can be terminated. Existing agreements / arrangements, if any, with such entities will be reviewed within three months to ensure aforementioned requirements.

#### **ii. Bank's responsibility while undertaking cross-border wire transfer with respect to name screening (such that the Bank does not process cross-border transactions of designated persons and entities)**

The Bank is prohibited from conducting transactions with designated persons and entities and accordingly, in addition to compliance with Chapter IX of the RBI KYC Master Direction, Bank will ensure that the Bank does not process cross-border transactions of designated persons and entities.

#### **iii. Bank's responsibility to fulfil record management requirements**

Complete originator and beneficiary information relating to wire transfers will be preserved by the Bank involved in the wire transfer, in accordance with Section 46 of the RBI KYC Master Direction.

### **53. Issue and Payment of Demand Drafts, etc.,**

Any remittance of funds by way of demand draft, mail/ /NEFT/IMPS or any other mode value of rupees fifty thousand and above shall be effected by debit to the customer's account or against cheques and not against cash payment.

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

### **54. Quoting of PAN**

Permanent account number (PAN) or equivalent e-document thereof of customers shall be obtained and verified while undertaking transactions as per the provisions of Income Tax

Rule 114B applicable to banks, as amended from time to time. Form 60 shall be obtained from persons who do not have PAN or equivalent e-document thereof.

### **55. Selling Third party products**



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

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

## 56. Hiring of Employees and Employee training

- (a) Adequate screening mechanism including Know Your Employee / Staff policy, as an integral part of their personnel recruitment/hiring process shall be put in place.
- (b) Bank shall endeavour to ensure that the staff dealing with / being deployed for KYC/AML/CFT matters have: high integrity and ethical standards, good understanding of extant KYC/AML/CFT standards, effective communication skills and ability to keep up with the changing KYC/AML/CFT landscape, nationally and internationally. Bank shall also strive to develop an environment which fosters open communication and high integrity amongst the staff.
- (c) On-going employee training programme shall be put in place so that the members of staff are adequately trained in KYC/AML/CFT policy. The focus of the training shall be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff shall be specially trained to handle issues arising from lack of customer education. Proper staffing of the audit function with persons adequately trained and well-versed in KYC/AML/CFT policies of the bank, regulation and related issues shall be ensured.

## Annex I

### Digital KYC Process

- A. The Bank 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 Bank
- B. The access of the Application shall be controlled by the Bank 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 the Bank to its authorized officials.
- C. The customer, for the purpose of KYC, shall visit the location of the authorized official of the Bank or vice-versa. The original OVD shall be in possession of the customer.
- D. The Bank 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 Bank shall put a water-mark in readable form having CAF number, GPS coordinates, authorized official's name, unique employee



Code (assigned by The Bank) and Date (DD:MM: YYYY) and timestamp (HH:MM: SS) on the captured live photograph of the customer.

- E. The Application of the Bank 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. Thereafter, all the entries in the CAF shall be filled as per the documents and information furnished by the customer. In those documents where Quick Response (QR) code is available, such details can be auto-populated by scanning the QR code instead of manual filing the details. For example, in case of physical Aadhaar/e- Aadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address can be auto-populated by scanning the QR available on Aadhaar/e-Aadhaar.
- I. 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 the bank shall not be used for customer signature. The Bank must check that the mobile number used in customer signature shall not be the mobile number of the authorized officer.
- J. 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 Bank. 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.
- K. 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 bank, 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.
- L. The authorized officer of the bank 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 fields are filled properly.;
- M. On Successful verification, the CAF shall be digitally signed by authorized officer of the bank 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.



**Annex II**  
**File No. 14014/01/2019/CFT**  
**Government of India**  
**Ministry of Home AffairsCTCR Division**

**ORDER**

North Block, New Delhi.Dated: the 2nd February, 2021

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

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

"51A. For the prevention of, and for coping with terrorist activities, the Central Governmentshall have power to –

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

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

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

2. In order to ensure expeditious and effective implementation of the provisions of Section51A, a revised procedure is outlined below in supersession of earlier orders and guidelines on the subject:

**3. Appointment and communication details of the UAPA Nodal Officers:**

3.1 The Joint Secretary (CTCR), Ministry of Home Affairs would be the Central [designated] Nodal Officer for the UAPA [Telephone Number: 011-23092456, 011-230923465 (Fax), email address: [jsctcr-mha@gov.in](mailto:jsctcr-mha@gov.in)].

3.2 The Ministry of External Affairs, Department of Economic Affairs, Ministry of Corporate Affairs, Foreigners Division of MHA, FIU-IND, Central Board of Indirect Taxes and Customs (CBIC) and Financial Regulators (RBI, SEBI and IRDA) shall appoint a UAPA Nodal Officer and communicate the name and contactdetails to the Central [designated] Nodal Officer for the UAPA.

3.3 All the States and UTs shall appoint a UAPA Nodal Officer preferably of the rank of the Principal Secretary/Secretary, Home Department and communicate



the name and contact details to the Central [designated] Nodal Officer for the UAPA.

- 3.4 The Central [designated] Nodal Officer for the UAPA shall maintain the consolidated list of all UAPA Nodal Officers and forward the list to all other UAPA Nodal Officers, in July every year or as and when the list is updated and shall cause the amended list of UAPA Nodal Officers circulated to all the Nodal Officers.
- 3.5 The Financial Regulators shall forward the consolidated list of UAPA Nodal Officers to the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies.
- 3.6 The Regulators of the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs shall forward the consolidated list of UAPA Nodal Officers to the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs.

**4. Communication of the list of designated individuals/entities:**

- 4.1 The Ministry of External Affairs shall update the list of individuals and entities subject to the UN sanction measures whenever changes are made in the lists by the UNSC 1267 Committee pertaining to Al Qaida and Da'esh and the UNSC 1988 Committee pertaining to Taliban. On such revisions, the Ministry of External Affairs would electronically forward the changes without delay to the designated Nodal Officers in the Ministry of Corporate Affairs, CBIC, Financial Regulators, FIU-IND, CTCR Division and Foreigners Division in MHA.
- 4.2 The Financial Regulators shall forward the list of designated persons as mentioned in Para 4(i) above, without delay to the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies.
- 4.3 The Central [designated] Nodal Officer for the UAPA shall forward the designated list as mentioned in Para 4(i) above, to all the UAPA Nodal Officers of States/UTs without delay.
- 4.4 The UAPA Nodal Officer in Foreigners Division of MHA shall forward the designated list as mentioned in Para 4(i) above, to the immigration authorities and security agencies without delay.
- 4.5 The Regulators of the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs shall forward the list of designated persons as mentioned in Para 4(i) above, to the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs without delay.

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

- 5.1 The Financial Regulators will issue necessary guidelines to banks, stock exchanges/depositories, intermediaries regulated by the SEBI and insurance companies requiring them –
  - i. To maintain updated designated lists in electronic form and run a check on the given parameters on a daily basis to verify whether individuals or entities listed in the Schedule to the Order, hereinafter, referred to as designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of bank accounts, stocks, Insurance policies etc., with them.
  - ii. In case, the particulars of any of their customers match with the particulars of



designated individuals/entities, the banks, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companies shall immediately inform full particulars of the funds, financial assets or economic resources or related services held

in the form of bank accounts, stocks or Insurance policies etc., held by such customer on their books to the Central [designated] Nodal Officer for the UAPA, at Fax No.011-23092551 and also convey over telephone No. 011-23092548. The particulars apart from being sent by post shall necessarily be conveyed on email id: [jsctcr-mha@gov.in](mailto:jsctcr-mha@gov.in).

iii. The banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies shall also send a copy of the communication mentioned in 5.1

(ii) above to the UAPA Nodal Officer of the State/UT where the account is held and to Regulators and FIU-IND, as the case may be, without delay.

iv. In case, the match of any of the customers with the particulars of designated individuals/entities is beyond doubt, the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies shall prevent such designated persons from conducting financial transactions, under intimation to the Central [designated] Nodal Officer for the UAPA at Fax No.011-23092551 and also convey over telephone No.011-23092548. The particulars apart from being sent by post should necessarily be conveyed on e-mail id: [jsctcr-mha@gov.in](mailto:jsctcr-mha@gov.in), without delay.

v. The banks, stock exchanges/depositories, intermediaries regulated by SEBI, and insurance companies shall file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts, covered under Paragraph 5.1(ii) above, carried through or attempted as per the prescribed format.

5.2 On receipt of the particulars, as referred to in Paragraph 5 (i) above, the Central [designated] Nodal Officer for the UAPA would cause a verification to be conducted by the State Police and/or the Central Agencies so as to ensure that the individuals/ entities identified by the banks, stock exchanges/depositories, intermediaries and insurance companies are the ones listed as designated individuals/ entities and the funds, financial assets or economic resources or related services, reported by banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies are held by the designated individuals/entities. This verification would be completed expeditiously from the date of receipt of such particulars.

5.3 In case, the results of the verification indicate that the properties are owned by or are held for the benefit of the designated individuals/entities, an orders to freeze these assets under Section 51A of the UAPA would be issued by the Central [designated] nodal officer for the UAPA without delay and conveyed electronically to the concerned bank branch, depository and insurance company under intimation to respective Regulators and FIU-IND. The Central [designated] nodal officer for the UAPA shall also forward a copy thereof to all the Principal Secretaries/Secretaries, Home Department of the States/UTs and all UAPA nodal officers in the country, so that any individual or entity may be prohibited from making any funds, financial assets or economic resources or related services available for the benefit of the designated individuals/ entities or any other person engaged in or suspected to be engaged in terrorism. The Central [designated] Nodal Officer for the UAPA shall also



forward a copy of the order to all Directors General of Police/ Commissioners of Police of all States/UTs for initiating action under the provisions of the Unlawful Activities (Prevention) Act, 1967.

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

**6. Regarding financial assets or economic resources of the nature of immovable properties:**

6.1 The Central [designated] Nodal Officer for the UAPA shall electronically forward the designated list to the UAPA Nodal Officers of all States and UTs with request to have the names of the designated individuals/entities, on the given parameters, verified from

the records of the office of the Registrar performing the work of registration of immovable properties in their respective jurisdiction, without delay.

6.2 In case, the designated individuals/entities are holding financial assets or economic resources of the nature of immovable property and if any match with the designated individuals/entities is found, the UAPA Nodal Officer of the State/UT would cause communication of the complete particulars of such individual/entity along with complete details of the financial assets or economic resources of the nature of immovable property to the Central [designated] Nodal Officer for the UAPA without delay at Fax No. 011-23092551 and also convey over telephone No. 011- 23092548. The particulars apart from being sent by post would necessarily be conveyed on email id: jsctcr-mha@gov.in.

6.3 The UAPA Nodal Officer of the State/UT may cause such inquiry to be conducted by the State Police so as to ensure that the particulars sent by the Registrar performing the work of registering immovable properties are indeed of these designated individuals/entities. This verification shall be completed without delay and shall be conveyed within 24 hours of the verification, if it matches with the particulars of the designated individual/entity to the Central [designated] Nodal Officer for the UAPA at the given Fax, telephone numbers and also on the email id.

6.4 The Central [designated] Nodal Officer for the UAPA may also have the verification conducted by the Central Agencies. This verification would be completed expeditiously.

6.5 In case, the results of the verification indicates that the particulars match with those of designated individuals/entities, an order under Section 51A of the UAPA shall be issued by the Central [designated] Nodal Officer for the UAPA without delay and conveyed to the concerned Registrar performing the work of registering immovable properties and to FIU-IND under intimation to the concerned UAPA Nodal Officer of the State/UT.

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

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





(Prevention) Act, 1967.

**7. Regarding the real-estate agents, dealers of precious metals/stones (DPMS) and other Designated Non-Financial Businesses and Professions (DNFBPs) and any other person:**

- i. The Designated Non-Financial Businesses and Professions (DNFBPs), inter alia, include casinos, real estate agents, dealers in precious metals/stones (DPMS), lawyers/notaries, accountants, company service providers and societies/ firms and non-profit organizations. The list of designated entities/individuals should be circulated to all DNFBPs by the concerned Regulators without delay.
  - (a) The DNFBPs are required to ensure that if any designated individual/entity approaches them for a transaction or relationship or attempts to undertake such transactions, the dealer should not carry out such transactions and, without delay, inform the UAPA Nodal officer of the State/UT with details of the funds/assets held and the details of the transaction, who in turn would follow the same procedure as in para 6.2 to 6.6 above. Further, if the dealers hold any assets or funds of the designated individual/entity, either directly or indirectly, they shall freeze the same without delay and inform the UAPA Nodal officer of the State/UT.
- ii. The CBIC shall advise the dealers of precious metals/stones (DPMS) that if any designated individual/entity approaches them for sale/purchase of precious metals/stones or attempts to undertake such transactions the dealer should not carry out such transaction and without delay inform the CBIC, who in turn follow the similar procedure as laid down in the paragraphs 6.2 to 6.5 above.
- iii. The UAPA Nodal Officer of the State/UT shall advise the Registrar of Societies/Firms/ non-profit organizations that if any designated individual/entity is a shareholder/ member/ partner/ director/ settler/ trustee/ beneficiary/ beneficial owner of any society/ partnership firm/ trust/ non-profit organization, then the Registrar should inform the UAPA Nodal Officer of the State/UT without delay, who will, in turn, follow the procedure as laid down in the paragraphs 6.2 to 6.5 above. The Registrar should also be advised that no societies/ firms/ non-profit organizations should be allowed to be registered, if any of the designated individual/entity is a director/ partner/ office bearer/ trustee/ settler/ beneficiary or beneficial owner of such juridical person and in case such request is received, then the Registrar shall inform the UAPA Nodal Officer of the concerned State/UT without delay, who will, in turn, follow the procedure laid down in the paragraphs 6.2 to 6.5 above.
- iv. The UAPA Nodal Officer of the State/UT shall also advise appropriate department of the State/UT, administering the operations relating to Casinos, to ensure that the designated individuals/ entities should not be allowed to own or have beneficial ownership in any Casino operation. Further, if any designated individual/ entity visits or participates in any game in the Casino and/ or if any assets of such designated individual/entity is with the Casino operator, and of the particulars of any client matches with the particulars of designated individuals/ entities, the Casino owner shall inform the UAPA Nodal Officer of the State/UT without delay, who shall in turn follow the procedure laid down in paragraph 6.2 to 6.5



- above.
- v. The Ministry of Corporate Affairs shall issue an appropriate order to the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India (ICSI) requesting them to sensitize their respective members to the provisions of Section 51A of UAPA, so that if any designated individual/entity approaches them, for entering/ investing in the financial sector and/or immovable property, or they are holding or managing any assets/ resources of Designated individual/ entities, then the member shall convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.
- vi. The members of these institutes should also be sensitized that if they have arranged for or have been approached for incorporation/ formation/ registration of any company, limited liability firm, partnership firm, society, trust, association where any of designated individual/ entity is a director/ shareholder/ member of a company/ society/ association or partner in a firm or settler/ trustee or beneficiary of a trust or a beneficial owner of a juridical person, then the member of the institute should not incorporate/ form/ register such juridical person and should convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.
- vii. In addition, the member of the ICSI be sensitized that if he/she is Company Secretary or is holding any managerial position where any of designated individual/ entity is a Director and/or Shareholder or having beneficial ownership of any such juridical person then the member should convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.
- viii. The Registrar of Companies (ROC) may be advised that in case any designated individual/ entity is a shareholder/ director/ whole time director in any company registered with ROC or beneficial owner of such company, then the ROC should convey the complete details of such designated individual/ entity, as per the procedure mentioned in paragraph 8 to 10 above. This procedure shall also be followed in case of any designated individual/ entity being a partner of Limited Liabilities Partnership Firms registered with ROC or beneficial owner of such firms. Further the ROC may be advised that no company or limited liability Partnership firm shall be allowed to be registered if any of the designated individual/ entity is the Director/ Promoter/ Partner or beneficial owner of such company or firm and in case such a request received the ROC should inform the UAPA Nodal Officer in the Ministry of Corporate Affairs who in turn shall follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.
- ix. Any person, either directly or indirectly, holding any funds or other assets of designated individuals or entities, shall, without delay and without prior notice, cause to freeze any transaction in relation to such funds or assets, by immediately informing the nearest Police Station, which shall, in turn, inform the concerned UAPA Nodal Officer of the State/UT along with the



details of the funds/assets held. The concerned UAPA Nodal Officer of the State/UT, would follow the same procedure as in para 6.2 to 6.6 above.

**8. Regarding implementation of requests received from foreign countries under U.N. Security Council Resolution 1373 of 2001:**

8.1 The U.N. Security Council Resolution No.1373 of 2001 obligates countries to freeze without delay the funds or other assets of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts; of entities owned or controlled directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds or other assets derived or generated from property owned or controlled, directly or indirectly, by such persons and associated persons and entities. Each individual country has the authority to designate the persons and entities that should have their funds or other assets frozen. Additionally, to ensure that effective cooperation is developed among countries, countries should examine and give effect to, if appropriate, the actions initiated under the freezing mechanisms of other countries.

8.2 To give effect to the requests of foreign countries under the U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign countries and forward it electronically, with their comments, to the Central [designated] Nodal Officer for the UAPA for freezing of funds or other assets.

8.3 The Central [designated] Nodal Officer for the UAPA shall cause the request to be examined without delay, so as to satisfy itself that on the basis of applicable legal principles, the requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the Nodal Officers in Regulators, FIU-IND and to the Nodal Officers of the States/UTs. The proposed designee, as mentioned above would be treated as designated individuals/entities.

9. Upon receipt of the requests by these Nodal Officers from the Central [designated] Nodal Officer for the UAPA, the similar procedure as enumerated at paragraphs 5 and 6 above shall be followed.

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

**10. Regarding exemption, to be granted to the above orders in accordance with UNSCR 1452.**

10.1 The above provisions shall not apply to funds and other financial assets or economic resources that have been determined by the Central [designated] nodal officer of the UAPA to be:-

- a) necessary for basic expenses, including payments for foodstuff, rent or mortgage, medicines and medical treatment, taxes, insurance premiums and public utility charges, or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services or fees or service charges for routine holding or maintenance of frozen funds or other financial assets or economic resources, after notification by the MEA of the intention to authorize, where appropriate, access to such



- funds, assets or resources and in the absence of a negative decision within 48 hours of such notification;
- b) necessary for extraordinary expenses, provided that such determination has been notified by the MEA;
- 10.2 The addition may be allowed to accounts of the designated individuals/entities subject to the provisions of paragraph 10 of:
- a) interest or other earnings due on those accounts, or
- b) payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of resolutions 1267 (1999), 1333 (2000), or 1390 (2002),

Provided that any such interest, other earnings and payments continue to be subject to those provisions;

- 10.3 (a): The designated individual or organization may submit a request to the Central [Designated] Nodal Officer for UAPA under the provisions of Para 10.1 above. The Central [Designated] Nodal Officer for UAPA may be approached by post at “Additional Secretary (CTCR), North Block, New Delhi – 110001” or through email to [jsctcr-mha@gov.in](mailto:jsctcr-mha@gov.in)”
- (b): The Central [Designated] Nodal Officer for UAPA shall examine such requests, in consultation with the Law Enforcement Agencies and other Security Agencies and Intelligence Agencies and, if accepted, communicate the same, if applicable, to the Ministry of External Affairs, Government of India for notifying the committee established pursuant to UNSC Resolution 1267 (1999) of the intention to authorize, access to such funds, assets or resources in terms of Para 10.1 above.

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

- 11.1 Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, they shall move an application giving the requisite evidence, in writing, to the concerned bank, stock exchanges/ depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the UAPA Nodal Officers of State/UT.
- 11.2 The banks, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the State/ UT Nodal Officers shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the Central [designated] Nodal Officer for the UAPA as per the contact details given in Paragraph 3.1 above, within two working days.
- 11.3 The Central [designated] Nodal Officer for the UAPA shall cause such verification, as may be required on the basis of the evidence furnished by the individual/entity, and, if satisfied, he/she shall pass an order, without delay,



unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under intimation to the concerned bank, stock exchanges/depositories, intermediaries regulated by SEBI, insurance company, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the UAPA Nodal Officer of State/UT. However, if it is not possible for any reason to pass an Order unfreezing the assets within 5 working days, the Central [designated] Nodal Officer for the UAPA shall inform the applicant expeditiously.

11 A. Regarding procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/organisations in the event of delisting by the UNSCR 1267 (1999), 1988 (2011) and 1989 (2011) Committee

Upon making an application in writing by the concerned individual/organisation, to the concerned bank, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, RoC, Regulators of DNFBPs, Department of Posts and the UAPA Nodal Officers of all States/UTs., who in turn shall forward the application along with the full details of the assets frozen to the Central [Designated] Nodal Officer for UAPA within two working days. The Central [Designated] Nodal Officer for UAPA shall examine the request in consultation with the Law Enforcement Agencies and other Security Agencies and Intelligence Agencies and cause such verification as may be required and if satisfied, shall pass an order, without delay, unfreezing the funds, financial assets or economic resources or related services owned or held by the applicant under intimation to concerned bank, stock exchanges/ depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, RoC, Regulators of DNFBPs, Department of Posts and the UAPA Nodal Officers of all States/UTs.

## **12. Regarding prevention of entry into or transit through India:**

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

12.2 The immigration authorities shall ensure strict compliance of the order and also communicate the details of entry or transit through India of the designated individuals as prevented by them to the UAPA Nodal Officer in Foreigners Division of MHA.

## **13. Procedure for communication of compliance of action taken under Section**

**51A:** The Central [designated] Nodal Officer for the UAPA and the Nodal Officer in the Foreigners Division, MHA shall furnish the details of funds, financial assets or economic resources or related services of designated individuals/entities frozen by an order, and details of the individuals whose entry into India or transit through India was prevented, respectively, to the Ministry of External Affairs for onward communication to the United Nations.

## **14. Communication of the Order issued under Section 51A of Unlawful Activities (Prevention) Act, 1967:**

The order issued under Section 51A of the Unlawful Activities (Prevention) Act, 1967 by the Central [designated] Nodal Officer for the



UAPA relating to funds, financial assets or economic resources or related services, shall be communicated to all the UAPA nodal officers in the country, the Regulators of Financial Services, FIU-IND and DNFBPs, banks, depositories/stock exchanges, intermediaries regulated by SEBI, Registrars performing the work of registering immovable properties through the UAPA Nodal Officer of the State/UT.

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

**(Ashutosh Agnihotri)**  
**Joint Secretary to the Government of India**

To,

- 1) Governor, Reserve Bank of India, Mumbai
  - 2) Chairman, Securities & Exchange Board of India, Mumbai
  - 3) Chairman, Insurance Regulatory and Development Authority, Hyderabad.
  - 4) Foreign Secretary, Ministry of External Affairs, New Delhi.
  - 5) Finance Secretary, Ministry of Finance, New Delhi.
  - 6) Revenue Secretary, Department of Revenue, Ministry of Finance, New Delhi.
  - 7) Secretary, Ministry of Corporate Affairs, New Delhi
  - 8) Chairman, Central Board of Indirect Taxes & Customs, New Delhi.
  - 9) Director, Intelligence Bureau, New Delhi.
  - 10) Additional Secretary, Department of Financial Services, Ministry of Finance, New Delhi.
  - 11) Chief Secretaries of all States/Union Territories
  - 12) Principal Secretary (Home)/Secretary (Home) of all States/ Union Territories
  - 13) Directors General of Police of all States & Union Territories
  - 14) Director General of Police, National Investigation Agency, New Delhi.
  - 15) Commissioner of Police, Delhi.
  - 16) Joint Secretary (Foreigners), Ministry of Home Affairs, New Delhi.
  - 17) Joint Secretary (Capital Markets), Department of Economic Affairs, Ministry of Finance, New Delhi.
  - 18) Joint Secretary (Revenue), Department of Revenue, Ministry of Finance, New Delhi.
  - 19) Director (FIU-IND), New Delhi.
- Copy for information to:

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1. Sr. PPS to HS
2. PS to SS (IS)



Annex III  
F.No.P - 12011/14/2022-ES Cell-DOR  
Government of India  
Ministry of Finance  
Department of Revenue  
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New Delhi, dated the 1st September, 2023.

ORDER

Subject: - Procedure for implementation of Section 12A of “The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005”.

Section 12A of The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 [hereinafter referred to as ‘the Act’] reads as under: -

"12A. (1) No person shall finance any activity which is prohibited under this Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems.

(2) For prevention of financing by any person of any activity which is prohibited under this Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems, the Central Government shall have power to—

a) freeze, seize or attach funds or other financial assets or economic resources—

- i. owned or controlled, wholly or jointly, directly or indirectly, by such person; or
- ii. held by or on behalf of, or at the direction of, such person; or
- iii. derived or generated from the funds or other assets owned or controlled, directly or indirectly, by such person;

prohibit any person from making funds, financial assets or economic resources or related services available for the benefit of persons related to any activity which is prohibited under this Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems.

(3) The Central Government may exercise its powers under this section through any authority who has been assigned the power under sub-section (1) of section 7.”

II In order to ensure expeditious and effective implementation of the provisions of Section 12A of the Act, the procedure is outlined below.

1. Appointment and communication details of Section 12A Nodal Officers:

1.1 In exercise of the powers conferred under Section 7(1) of the Act, the Central Government assigns Director, FIU-India, Department of Revenue, Ministry of Finance, as the authority to exercise powers under Section 12A of the Act. The Director, FIU-India shall be hereby referred to as the Central Nodal Officer (CNO) for the purpose of this order. [Telephone Number: 011-23314458, 011-23314435, 011-23314459 (FAX), email address: dir@fiuindia.gov.in].



1.2 Regulator under this order shall have the same meaning as defined in Rule 2(fa) of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. Reporting Entity (RE) shall have the same meaning as defined in Section 2 (1) (wa) of Prevention of Money-Laundering Act, 2002. DNFPBs is as defined in section 2(1) (sa) of Prevention of Money-Laundering Act, 2002.

1.3 The Regulators, Ministry of Corporate Affairs and Foreigners Division of MHA shall notify a Nodal Officer for implementation of provisions of Section 12A of the Act. The Regulator may notify the Nodal Officer appointed for implementation of provisions of Section 51A of UAPA, also, as the Nodal Officer for implementation of Section 12A of the Act. All the States and UTs shall notify a State Nodal officer for implementation of Section 12A of the Act. A State/UT may notify the State Nodal Officer appointed for implementation of provisions of Section 51A of UAPA, also, as the Nodal Officer for implementation of Section 12A of the Act.

1.4 The CNO shall maintain an updated list of all Nodal Officers, and share the updated list with all Nodal Officers periodically. The CNO shall forward the updated list of all Nodal Officers to all REs.

## 2. Communication of the lists of designated individuals/entities:

2.1 The Ministry of External Affairs will electronically communicate, without delay, the changes made in the list of designated individuals and entities (hereinafter referred to as 'designated list') in line with section 12A (1) to the CNO and Nodal officers.

2.1.1 Further, the CNO shall maintain the Designated list on the portal of FIU-India. The list would be updated by the CNO, as and when it is updated, as per para 2.1 above, without delay. It shall make available for all Nodal officers, the State Nodal Officers, and to the Registrars performing the work of registration of immovable properties, either directly or through State Nodal Officers, without delay.

2.1.2 The Ministry of External Affairs may also share other information relating to prohibition / prevention of financing of prohibited activity under Section 12A (after its initial assessment of the relevant factors in the case) with the CNO and other organizations concerned, for initiating verification and suitable action.

2.1.3 The Regulators shall make available the updated designated list, without delay, to their REs. The REs will maintain the designated list and update it, without delay, whenever changes are made as per para 2.1 above.

2.2 The Nodal Officer for Section 12A in Foreigners Division of MHA shall forward the updated designated list to the immigration authorities and security agencies, without delay.

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

### 3.1 All Financial Institutions shall –

- i. Verify if the particulars of the entities/individual, party to the financial transactions, match with the particulars of designated list and in case of match, REs shall not carry out such transaction and shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the CNO by email, FAX and by post, without delay.
- ii. Run a check, on the given parameters, at the time of establishing a relation with a customer and on a periodic basis to verify whether individuals and entities in the designated list are holding any funds, financial assets or economic resources or related services, in the form of bank accounts, stocks, Insurance policies etc. In case, the particulars of any of their customers match with the





- particulars of designated list, REs shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or insurance policies etc., held on their books to the CNO by email, FAX and by post, without delay.
- iii. The REs shall also send a copy of the communication, mentioned in 3.1 (i) and (ii) above, to State Nodal Officer, where the account/transaction is held, and to their Regulator, as the case may be, without delay.
- iv. In case there are reasons to believe beyond doubt that funds or assets held by a customer would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A, REs shall prevent such individual/entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post , without delay.

3.2 On receipt of the particulars, as referred to in Paragraph 3.1 above, the CNO would cause a verification to be conducted by the State Police and/or the Central Agencies so as to ensure that the individuals/entities identified by the REs are the ones in designated list and the funds, financial assets or economic resources or related services, reported by REs are in respect of the designated individuals/entities. This verification would be completed expeditiously from the date of receipt of such particulars.

3.3 In case, the results of the verification indicate that the assets are owned by, or are held for the benefit of, the designated individuals/entities, an order to freeze these assets under Section 12A would be issued by the CNO without delay and be conveyed electronically to the concerned RE under intimation to respective Regulators. The CNO shall also forward a copy thereof to all the Principal Secretaries/Secretaries, Home Department of the States/UTs and All Nodal officers in the country, so that any individual or entity may be prohibited from making any funds, financial assets or economic resources or related services available for the benefit of the designated individuals / entities. The CNO shall also forward a copy of the order to all Directors General of Police/ Commissioners of Police of all States/UTs for initiating suitable action.

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

4. Regarding financial assets or economic resources of the nature of immovable properties:

4.1 The Registrars performing work of registration of immovable properties shall --

- i. Verify if the particulars of the entities/individual, party to the transactions, match with the particulars of the designated list, and, in case of match, shall not carry out such transaction and immediately inform the details with full particulars of the assets or economic resources involved to the State Nodal Officer, without delay.
- ii. Verify from the records in their respective jurisdiction, without delay, on given parameters, if the details match with the details of the individuals and entities in the designated list. In case, the designated individuals/entities are holding financial assets or economic resources of the nature of immovable property, and if any match with the designated individuals/entities is found, the Registrar shall immediately inform the details with full particulars of the assets or economic resources involved to the State Nodal Officer, without delay.
- iii. In case there are reasons to believe beyond doubt that assets that are held by an individual/entity would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A, Registrar shall prevent such individual/entity from conducting transactions, under intimation to the State Nodal Officer by email, FAX and by post , without delay.

4.2 the State Nodal Officer would cause communication of the complete particulars of such individual/entity along with complete details of the financial assets or economic resources to the CNO without delay by email, FAX and by post.



4.3 The State Nodal Officer may cause such inquiry to be conducted by the State Police so as to ensure that the particulars sent are indeed of these designated individuals/entities. This verification shall be completed without delay and shall be conveyed, within 24 hours of the verification, if it matches, with the particulars of the designated individual/entity, to the CNO without delay by email, FAX and by post.

4.4 The CNO may also have the verification conducted by the Central Agencies. This verification would be completed expeditiously.

4.5 In case, the results of the verification indicate that the assets are owned by, or are held for the benefit of, the designated individuals/entities, an order to freeze these assets under Section 12A would be issued by the CNO without delay and be conveyed electronically to the concerned Registrar performing the work of registering immovable properties, and to FIU under intimation to the concerned State Nodal Officer. The CNO shall also forward a copy thereof to all the Principal Secretaries/Secretaries, Home Department of the States/UTs and All Nodal officers in the country, so that any individual or entity may be prohibited from making any funds, financial assets or economic resources or related services available for the benefit of the designated individuals / entities. The CNO shall also forward a copy of the order to all Directors General of Police/ Commissioners of Police of all States/UTs for initiating suitable action.

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

5. Regarding the real-estate agents, dealers of precious metals/stones (DPMS), Registrar of Societies/ Firms/ non-profit organizations, The Ministry of Corporate Affairs and Designated Non-Financial Businesses and Professions (DNFBPs):

(i) The dealers of precious metals/stones (DPMS) as notified under PML (Maintenance of Records) Rules, 2005 and Real Estate Agents, as notified under clause (vi) of Section 2(1) (sa) of Prevention of Money-Laundering Act, 2002, are required to ensure that if any designated individual/entity approaches them for sale/purchase of precious metals/stones/Real Estate Assets or attempts to undertake such transactions, the dealer should not carry out such transaction and, without delay, inform the Section 12A Nodal officer in the Central Board of Indirect Taxes and Customs (CBIC). Also, If the dealers hold any assets or funds of the designated individual/entity, they shall freeze the same without delay and inform the Section 12A Nodal officer in the CBIC, who will, in turn, follow procedure similar to as laid down for State Nodal Officer in the paragraphs 4.2 to 4.6.

(ii) Registrar of Societies/ Firms/ non-profit organizations are required to ensure that if any designated individual/ entity is a shareholder/ member/ partner/ director/ settler/ trustee/ beneficiary/ beneficial owner of any society/ partnership firm/ trust/ non-profit organization, then the Registrar shall freeze any transaction for such designated individual/ entity and shall inform the State Nodal Officer, without delay, and, if such society/ partnership firm/ trust/ non-profit organization holds funds or assets of designated individual/ entity, follow the procedure as laid down for State Nodal Officer in the paragraphs 4.2 to 4.6 above. The Registrar should also ensure that no societies/ firms/ non-profit organizations should be allowed to be registered if any of the designated individual/ entity is a director/ partner/ office bearer/ trustee/ settler/ beneficiary or beneficial owner of such juridical person and, in case, such request is received, then the Registrar shall inform the State Nodal Officer, without delay.

(iii) The State Nodal Officer shall also advise appropriate department of the State/UT, administering the operations relating to Casinos, to ensure that the designated individuals/ entities should not be allowed to own or have beneficial ownership in any Casino operation. Further, if any designated individual/ entity visits or participates in any game in the Casino or if any assets of such designated individual/ entity are with the Casino operator, or if the particulars of any client match



with the particulars of designated individuals/ entities, the Casino owner shall inform the State Nodal Officer, without delay, and shall freeze any such transaction.

(iv) The Ministry of Corporate Affairs shall issue an appropriate order to the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India (ICSI), requesting them to sensitize their respective members to the provisions of Section 12A, so that, if any designated individual/entity approaches them, for entering/ investing in the financial sector and/or immovable property, or they are holding or managing any assets/ resources of designated individual/ entities, then the member shall convey the complete details of such designated individual/ entity to Section 12A Nodal Officer in the Ministry of Corporate Affairs, who shall in turn follow the similar procedure as laid down for State Nodal Officer in paragraph 4.2 to 4.6 above.

(v) The members of these institutes should also be sensitized by the Institute of Chartered Accountants of India, Institute of Cost and Work Accountants of India and Institute of Company Secretaries of India (ICSI) that if they have arranged for or have been approached for incorporation/ formation/ registration of any company, limited liability firm, partnership firm, society, trust, association where any designated individual/ entity is a director/ shareholder/ member of a company/ society/ association or partner in a firm or settler/ trustee or beneficiary of a trust or a beneficial owner of a juridical person, then the member of the institute should not incorporate/ form/ register such juridical person and should convey the complete details of such designated individual/ entity to Section 12A Nodal Officer in the Ministry of Corporate Affairs.

(vi) In addition, a member of the ICSI shall, if he/she is Company Secretary or is holding any managerial position where any of designated individual/ entity is a Director and/or Shareholder or having beneficial ownership of any such juridical person, convey the complete details of such designated individual/ entity to Section 12A Nodal Officer in the Ministry of Corporate Affairs, who shall follow the similar procedure as laid down in paragraph 4.2 to 4.6 above for State Nodal Officer, if such company, limited liability firm, partnership firm, society, trust, or association holds funds or assets of the designated individual/entity.

(vii) In case any designated individual/ entity is a shareholder/ director/ whole time director in any company registered with the Registrar of Companies (ROC) or beneficial owner of such company or partner in a Limited Liabilities Partnership Firm registered with ROC or beneficial owner of such firm, the ROC should convey the complete details of such designated individual/ entity to section 12A Nodal officer of Ministry of Corporate Affairs. If such company or LLP holds funds or assets of the designated individual/ entity, he shall follow the similar procedure as laid down in paragraph 4.2 to 4.6 above for State Nodal Officer. Further the ROCs are required to ensure that no company or limited liability Partnership firm shall be allowed to be registered if any of the designated individual/ entity is the Director/ Promoter/ Partner or beneficial owner of such company or firm, and in case such a request is received, the ROC should inform the Section 12A Nodal Officer in the Ministry of Corporate Affairs.

(viii) All communications to Nodal officer as enunciated in subclauses (i) to (vii) above should, inter alia, include the details of funds and assets held and the details of transaction.

(ix) The Other DNBP's are required to ensure that if any designated individual/entity approaches them for a transaction or relationship or attempts to undertake such transactions, the dealer should not carry out such transaction and, without delay, inform the Section 12A Central Nodal officer. The communication to the Central Nodal Officer would include the details of funds and assets held and the details of the transaction. Also, If the dealers hold any assets or funds of the designated individual/entity, they shall freeze the same without delay and inform the Section 12A Central Nodal officer.



(DNFBPs shall have the same meaning as the definition in Section 2(1) (sa) of Prevention of Money-Laundering Act, 2002.)

5.1. All Natural and legal persons holding any funds or other assets of designated persons and entities, shall, without delay and without prior notice, freeze any transaction in relation to such funds or assets and shall immediately inform the State Nodal officer along with details of the funds/assets held, who in turn would follow the same procedure as in para 4.2 to 4.6 above for State Nodal Officer. This obligation should extend to all funds or other assets that are owned or controlled by the designated person or entity, and not just those that can be tied to a particular act, plot or threat of proliferation; those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities; and the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities, as well as funds or other assets of persons and entities acting on behalf of, or at the direction of designated persons or entities.

5.2 No person shall finance any activity related to the 'designated list' referred to in Para 2.1, except in cases where exemption has been granted as per Para 6 of this Order.

5.3. Further, the State Nodal Officer shall cause to monitor the transactions / accounts of the designated individual/entity so as to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities in the designated list. The State Nodal Officer shall, upon becoming aware of any transactions and attempts by third party, without delay, bring the incidence to the notice of the CNO and the DGP/Commissioner of Police of the State/UT for initiating suitable action.

5.4 Where the CNO has reasons to believe that any funds or assets are violative of Section 12A (1) or Section 12A (2)(b) of the Act, he shall, by order, freeze such funds or Assets, without any delay, and make such order available to authorities, Financial Institutions, DNFBPs and other entities concerned.

5.5 The CNO shall also have the power to issue advisories and guidance to all persons, including FIs and DNFBPs obligated to carry out sanctions screening. The concerned Regulators shall take suitable action under their relevant laws, rules or regulations for each violation of sanction screening obligations under section 12A of the WMD Act.

6. Regarding exemption, to be granted to the above orders

6.1. The above provisions shall not apply to funds and other financial assets or economic resources that have been determined by the CNO to be: -

(a) necessary for basic expenses, including payments for foodstuff, rent or mortgage, medicines and medical treatment, taxes, insurance premiums and public utility charges, or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services or fees or service charges for routine holding or maintenance of frozen funds or other financial assets or economic resources, consequent to notification by the MEA authorizing access to such funds, assets or resources.

This shall be consequent to notification by the MEA to the UNSC or its Committee, of the intention to authorize access to such funds, assets or resources, and in the absence of a negative decision by the UNSC or its Committee within 5 working days of such notification.

(b) necessary for extraordinary expenses, provided that such determination has been notified by the MEA to the UNSC or its Committee, and has been approved by the UNSC or its Committee;



6.2. The accounts of the designated individuals/ entities may be allowed to be credited with:

(a) interest or other earnings due on those accounts, or

(b) payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of section 12A of the Act.

Provided that any such interest, other earnings and payments continue to be subject to those provisions under para 3.3;

6.3 Any freezing action taken related to the designated list under this Order should not prevent a designated individual or entity from making any payment due under a contract entered into prior to the listing of such individual or entity, provided that:

(i) the CNO has determined that the contract is not related to any of the prohibited goods, services, technologies, or activities, under this Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems;

(ii) the CNO has determined that the payment is not directly or indirectly received by an individual or entity in the designated list under this Order; and

(iii) the MEA has submitted prior notification to the UNSC or its Committee, of the intention to make or receive such payments or to authorise, where appropriate, the unfreezing of funds, other financial assets or economic resources for this purpose, ten working days prior to such authorization

7. Regarding procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the individual or entity is not a designated person or no longer meet the criteria for designation:

7.1 Any individual/entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held has been inadvertently frozen, an application may be moved giving the requisite evidence, in writing, to the relevant RE/Registrar of Immovable Properties/ ROC/Regulators and the State.

7.2 The RE/Registrar of Immovable Properties/ROC/Regulator and the State Nodal Officer shall inform, and forward a copy of the application, together with full details of the asset frozen, as given by applicant to the CNO by email, FAX and by Post, within two working days. Also, listed persons and entities may petition a request for delisting at the Focal Point Mechanism established under UNSC Resolution.

7.3 The CNO shall cause such verification, as may be required on the basis of the evidence furnished by the individual/entity, and, if satisfied, it shall pass an order, without delay, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under intimation to all RE/Registrar of Immovable Properties/ROC/Regulators and the State Nodal Officer. However, if it is not possible, for any reason, to pass an Order unfreezing the assets within 5 working days, the CNO shall inform the applicant expeditiously.

7.4 The CNO shall, based on de-listing of individual and entity under UN Security Council Resolutions, shall pass an order, if not required to be designated in any other order, without delay, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under intimation to all RE/Registrar of Immovable Properties/ROC/Regulators and the State Nodal Officer.



8. Procedure for communication of compliance of action taken under Section 12A: The CNO and the Nodal Officer in the Foreigners Division, MHA shall furnish the details of funds, financial assets or economic resources or related services of designated individuals/entities, frozen by an order, and details of the individuals whose entry into India or transit through India was prevented, respectively, to the Ministry of External Affairs, for onward communication to the United Nations.

9. Communication of the Order issued under Section 12A: The Order issued under Section 12A of the Act by the CNO relating to funds, financial assets or economic resources or related services, shall be communicated to all nodal officers in the country.

10. This order is issued in suppression of F.No.P-12011/14/2022-ES Cell-DOR, dated 30th January 2023.

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

(Manoj Kumar Singh)  
Director (HQ)

To,

- 1) Governor, Reserve Bank of India, Mumbai
- 2) Chairman, Securities & Exchange Board of India, Mumbai
- 3) Chairman, Insurance Regulatory and Development Authority, Hyderabad.
- 4) Foreign Secretary, Ministry of External Affairs, New Delhi.
- 5) Finance Secretary, Ministry of Finance, New Delhi.
- 6) Revenue Secretary, Department of Revenue, Ministry of Finance, New Delhi.
- 7) Secretary, Ministry of Corporate Affairs, New Delhi
- 8) Chairman, Central Board of Indirect Taxes & Customs, New Delhi.
- 9) Director, Intelligence Bureau, New Delhi.
- 10) Additional Secretary, Department of Financial Services, Ministry of Finance, New Delhi.
- 11) Chief Secretaries of all States/Union Territories
- 12) Principal Secretary (Home)/Secretary (Home) of all States/ Union Territories
- 13) Directors General of Police of all States & Union Territories
- 14) Director General of Police, National Investigation Agency, New Delhi.
- 15) Commissioner of Police, Delhi.
- 16) Joint Secretary (Foreigners), Ministry of Home Affairs, New Delhi.
- 17) Joint Secretary (Capital Markets), Department of Economic Affairs, Ministry of Finance, New Delhi.
- 18) Joint Secretary (Revenue), Department of Revenue, Ministry of Finance, New Delhi.
- 19) Director (FIU-IND), New Delhi.

Copy for information to: -

1. Sr. PPS to HS
2. PS to SS (IS)



**Annex III**  
**Indicative Risk Categorization of Customers**

Particulars	High Risk	Medium Risk	Low Risk
Type of Customer	(i) Private Ltd. Com. (ii) Public Ltd Company (Closely held) (iii) Trusts (iv) Charities (vi) Politically Exposed Persons (vii) Non-Face to face customers with aggregate deposit of Rs.10 lakhs and above. (viii) Customers having adverse publicity. (ix) Firms with operative transactions authorized by sleeping partner.	(i) Public Ltd companies (widely held) (ii) Firms with sleeping partners.	(i) Salaried persons. (ii) Pensioners (iii) Professional & Self employed persons. (iv) Agriculturist (v) Self Help Groups (vi) Government companies. (vii) Public Sector companies. (viii) Government Departments
Quantum of Transaction	Cash transaction of Rs. 5 lac and above Non cash transactions of Rs.10 lacs and above One time transaction Rs. 1 lac and above (cash.) Rs.5 lac and above (non cash)	Cash transaction of Rs. 1 lac & above but less than 5 lacs. Non cash transactions of Rs.2 lacs & above but below Rs.10 lac One time transaction Rs. 20,000 and above but below 1 lac cash Rs.1 lac and above but less than Rs.5 lacs non cash	Cash transactions less than Rs. 1 lac Non cash transactions Less than Rs.2.00 lacs One time transaction Less than Rs.20,000/- Cash Less than Rs.1 lacs non cash
Business Activity	(1) Jewellery (2) Chit Funds (3) Finance Companies (4) Foreign Exchange, Money Market Brokers (5) Travel Agencies (6) Export / Import Trade (7) S M Es with annual turnover exceeding Rs. 25 Cr. and above	(i) Commodity Trade (ii) S M Es with annual turnover Rs. 10 Crores and above, but $3 < \text{Rs.}25$ Crores	(i) Industry (ii) Hotel (iii) Plantations (iv) S M Es with turnover less than Rs. 10 Crores. (v) Retail Trade
Composition of partners, directors	Entirely Foreign nationality	A mix of Indian and Foreign nationals	Exclusively Indian Nationals

