



ORANGE CITY HOUSING
Finance Private Limited
(Formerly Known as ORANGE CITY HOUSING FINANCE LIMITED)

Know Your Customer (KYC) and Anti Money Laundering (AML) Policy
Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 Dated 14th August, 2025

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For Private Circulation Only

KYC and AML Policy

Chapter 1: Preliminary

I. Introduction

Orange City Housing Finance Private Limited (OCHFL) is a Housing Finance Company (HFC) based in Nagpur, registered with the National Housing Bank, New Delhi, wholly owned by the Reserve Bank of India. OCHFL is incorporated with Registrar of Companies, Mumbai under the Companies Act 1956, and is one of the 100 odd HFC license holders across India and the first in Central India. OCHFL aims to provide affordable housing loans to all sections of society. Since our inception, we will lead our customers on the path to prosperity by providing home loans to individuals for Purchase / Construction / Extension / Renovation etc. to help them to achieve their goals of owning their own home.

II. Company Philosophy

OCHFL was created to provide credit access to first time home buyers in EWS/LIG/MIG category and aims to contribute meaningfully towards the Indian Government's mission of "Housing for All". The Company intends to work on a philosophy of giving back to the society in a way and fashion that will cause a sustainable change for the less fortunate of India's populace without any discrimination based on religion, creed, caste, color or gender. The Company aims to undertake those initiatives which would bring about positive irreversible change for the betterment of the society and would help the beneficiaries quantitatively and qualitatively in their lives, with the underlying aim of decreasing the wealth inequality of Indian society.

Our Vision is to be the leading Housing Loan provider known for

- Exceptional Customer Service
- Loan Affordability
- Transparency of Operations
- Contribution to Society

OCHFL is geared towards fostering a maximally satisfied customer base with a mutually profitable relationship. It is therefore important to be completely open and honest with the customer and use simple, clear and unambiguous terms when offering a product or service to them.

This Policy serves as a set of broad guidelines to the loan origination team with these policy principles in mind.

III. Policy Mission

OCHFL wholeheartedly believes in and complies with the general practices that are in line with the Master Directions and Circulars provided by the National Housing Bank to HFCs. At OCHFL, we believe that an effective management and administration combined with transparency and accountability is imperative to ensure a long and healthy life for the company.

The purpose of this document is to define lending policy and guidelines for the company in accordance with the Company law and NHB Master Directions and Circulars for HFCs. This is a living document and should be updated on a regular basis. Any regulatory changes that would impact the accountability of the company should be reflected here.

KYC and AML Policy

This document should not be seen in isolation but in conjunction with the other policy documents that define the overall workings of the company. For the sake of simplicity and to avoid confusion, any matter covered in other policy documents is not repeated in this document.

IV. Policy Objective

OCHFL will apply a Risk based approach (RBA) to mitigate and management of the KYC related risk and to create a uniform benchmark in assessing housing loan applications having similar credit characteristics across geographies, products and ensure compliance to regulatory requirements.

OCHFL operates with the stated vision of contributing meaningfully towards increasing housing stock in the lower economic and social strata of India by providing institutional housing credit to deserving customers. The target demographic of the Company are first-time home buyers who have remained outside the ambit of formal financial channels and are looking to purchase affordable housing units in Tier I, Tier II, and Tier III cities or outside the peripheries of metropolitan cities.

Well written policy and procedure documents help an appraiser to understand their roles & responsibilities and respective deliverables within predefined boundaries. Basically, policies and procedures allow management to guide business operations without constant intervention. As one of the company's stated objectives is to ensure no discrimination between customers with similar characteristics across geographies, this policy envisages a detailed approach and technique towards the credit appraisal of housing loan applications to its appraiser.

The main objective of framing KYC guidelines is to avoid OCHFL being used by criminal elements of the society for money laundering purposes, intentionally or unintentionally. The guidelines framed under this policy would help the Company in knowing the customer in a better manner. This will help the Company in assessing and managing the risks related to its customers in a better manner.

This Anti-Money Laundering (AML) and Know your customer (KYC) policy is thus being designed in lines with "RBI/DBR/2015-16/18", "Master Direction DBR.AML.BC.No.81/14.01.001/2015-16" updated as on 14th August, 2025 and Internal Risk Assessment for Money Laundering (ML) and Terrorist Financing (TF) Risks ("Direction") and the guidelines mentioned therein, as amended from time to time.

Further, Frequently Asked Questions (FAQs) on Master Direction on KYC can be accessed at the below provided link

[Reserve Bank of India - Frequently Asked Questions \(rbi.org.in\)](https://www.rbi.org.in/FAQs).

The policy covers the below mentioned areas

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

KYC and AML Policy

OCHFL is committed to highest standards of AML, Counter Terrorism Financing (CFT), Anti – Fraud and other punishable criminal acts. The Board of Directors, Management and all employees shall adhere to these standards to protect the Company and its reputation from being misused for money laundering and/or terrorist financing or other illegal purposes.

V. Definitions

a. A Customer

In reference to the KYC policy, a customer for OCHFL is defined as

- i. A person or an entity that maintains or seeks to create or maintain a loan account and/or has a business relationship with OCHFL.
- ii. One on whose behalf the account is maintained (i.e. the beneficial owner);
- iii. Beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors, etc. as permitted under the law, and
- iv. Any person or entity connected with a financial transaction which can pose significant reputational or other risks to OCHFL, say, a wire transfer or issue of a high value demand draft as a single transaction.

b. “Officially Valid Document” (OVD)

Officially Valid Documents means

- i. the passport,
- ii. the driving licence,
- iii. proof of possession of Aadhaar number,
- iv. the Voter's Identity Card issued by the Election Commission of India,
- v. job card issued by NREGA duly signed by an officer of the State Government and
- vi. 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
 - v. leave and licence agreements with such employers allotting official accommodation;

KYC and AML Policy

- c. the customer shall submit OVD with current address within a period of three months of submitting the documents specified at 'b' above
- d. where the OVD presented by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.

Explanation: For the purpose of this clause, a document shall be deemed to be an OVD even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Government or Gazette notification, indicating such a change of name.

- c. Suspicious Transaction:
"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:
- d. Transaction:
"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.

KYC and AML Policy

Chapter 2: Money Laundering and Terrorist Financing Risk Assessment by REs:

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

The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, OCHFL shall take cognizance of the overall sector-specific vulnerabilities, if any, that shared by the regulator/supervisor from time to time. Detailed policy parameters are more specifically mentioned in Chapter 4: Risk Management.

Appointment of Designated Director and Principal Officer

A) Designated Director:

A "Designated Director" means a person designated by the company to ensure overall compliance with the obligations imposed under Chapter IV of the PML Act and the Rules and shall be nominated by the Board.

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

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

B) Principal Officer: The Company has designated Company Secretary, as 'Principal Officer.' Principal Officer is located at our Corporate Office and will be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. He/she will maintain close liaison with enforcement agencies, HFCs and any other institution which are involved in the fight against money laundering and combating financing of terrorism.

He/she will also ensure that there is proper system of fixing accountability for serious lapses and intentional circumvention of prescribed procedures and guidelines. However, any such action has to be documented and placed before the management committee of the company. Principal Officer will also report any unusual matter/information to the management committee of the company as and when it occurs.

Roles and Responsibility allocation for compliance of KYC Policy

A) Board of Directors

Key Responsibilities:

- Approve the KYC/AML Policy, including the Customer Acceptance Policy (CAP), Customer Identification Procedure (CIP), Customer Risk Categorization (CRC), and monitoring procedures.
- Designate a Designated Director as per PMLA Rules, 2005, to ensure overall compliance with obligations under PMLA.

KYC and AML Policy

- Oversee the implementation and effectiveness of the KYC/AML framework through periodic review and reporting.
- Review significant audit findings, regulatory notices, and compliance reports relating to AML/KYC.
- Set the tone at the top by fostering a culture of compliance and ethical conduct across the company.
- Approve mechanisms for independent audit/review of KYC/AML compliance and receive periodic MIS reports on suspicious transactions, CTRs/STRs filed with FIU-IND.

B) Senior Management

In the context of KYC (Know Your Customer) and AML (Anti-Money Laundering), Senior Management refers to individuals at the leadership level including business head for respective business, Chief Compliance Officer, Chief Credit and Operation, who are responsible for:

Key Responsibilities:

- Appoint a Principal Officer (PO) responsible for reporting to FIU-IND and a Nodal Officer for customer grievance redressal related to KYC.
- Ensure periodic updating of the KYC/AML Policy in line with changes in RBI Master Directions, PMLA, FIU-IND guidelines, and other regulatory instructions.
- Develop and implement a risk-based approach for customer onboarding, monitoring, and transaction surveillance.
- Provide adequate KYC & AML training programs for staff, particularly those involved in customer interface, credit appraisal, and collections.
- Review MIS and compliance reports on CTR (Cash Transaction Reports), STR (Suspicious Transaction Reports) and other regulatory filings.
- Take appropriate disciplinary and remedial measures in case of breaches or non-compliance.
- Ensure that adequate systems, technology, and human resources are available for compliance.

C) Internal Auditors

Internal Audit provides independent assurance on the adequacy and effectiveness of the KYC/AML framework.

Key Responsibilities:

- Verify compliance with RBI Master Directions, PMLA requirements, and the company's internal KYC/AML Policy.
- Test the adequacy of customer identification procedures, record-keeping, risk categorization, and transaction monitoring systems.
- Review the effectiveness of the Principal Officer's reporting framework to FIU-IND.

KYC and AML Policy

- Check whether the risk-based approach is effectively applied across branches and functions.
- Highlight gaps, control weaknesses, and instances of non-compliance in periodic audit reports.
- Ensure timely follow-up and closure of audit observations by management.
- Submission of quarterly audit notes and compliance and Report significant deficiencies in AML/KYC compliance to the Audit Committee of the Board.

KYC and AML Policy

D) Compliance Function

Under this compliance will be evaluated & will be reported to the committee as and when required.

Key Responsibilities:

- Independent evaluation of the compliance functions of OCHFL policies and procedures, including legal and regulatory requirements.
- Co-ordination for board approval & periodic review of KYC & AML policy.

Chapter 3: Customer Acceptance Policy (CAP)

The Company's CAP mandates verification of identity of the customer and also his/her address by using information which is reliable and is independent. The Company would have reliance on Officially Valid Documents as defined under PMLA Act, 2002 and/or as defined by NHB and RBI or documents mentioned under "simplified measures" or on e-KYC allowed by UIDAI. The Company would make sure that the Customer Acceptance Policy in no way cause any harassment or hassle to the customer, especially the ones who are not financially included in the mainstream. As per the CAP, OCHFL should follow these guidelines/rules:

Without prejudice to the generality of the aspect that Customer Acceptance Policy may contain, OCHFL shall ensure that:

- a) No account is opened in anonymous or fictitious/benami name.
- b) No account is opened where the OCHFL 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 Company shall 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 company, is obtained with the explicit consent of the customer.
- f) OCHFL shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of OCHFL desires to open another account or avail any other product or service from the company, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned.
- 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) OCHFL will have Screening / de-duplication process to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists indicated in Chapter IX of this policy.
- j) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.

KYC and AML Policy

- k) Where an equivalent e-document is obtained from the customer, OCHFL shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
- l) Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.

This policy is not in denial of banking/financial facility to members of the general public, especially those, who are financially or socially disadvantaged, including the Persons with Disabilities (PwDs). No application for onboarding or periodic updation of KYC shall be rejected without application of mind. Reason(s) of rejection shall be duly recorded by the officer concerned.

Where the company 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 4: Risk Management

OCHFL has put in place an effective KYC program through well-defined procedures and guidelines. The management oversees its implementation. The program covers management oversight, review of systems and controls in place, defining and segregation of duties of the staff involved and continuous refresher through training and L&D initiatives. Give the target customer segment of the Company, the customers would be of low risk profile at the time of onboarding. However, over a period of time the risk associated with the customer might be upgraded to medium or even high which requires constant monitoring and application of AML measures considering the risk involved in transactions during the loan life cycle.

The sales and processing staff of the Company and related authorized personnel have been strictly advised to ensure that no loan applications to be considered or processed without adherence to KYC guidelines and procedures. The Company's audit committee would evaluate and ensure the adherence to KYC guidelines on an overall level and also compliance to legal and regulatory guidelines wherever applicable. The Chief Risk Officer (CRO) along with audit and compliance team of the Company report jointly to the MD & CEO and to the Board. They would furnish compliance report and the effectiveness of KYC/AML measures in business operations to the Audit committee on quarterly basis or as may require from time to time.

The Company would provide comprehensive training program to the related staff (Sales, credit, operations, audit) and authorized personnel about KYC and AML measures to be taken through various modes of L&D.

a. Internal Audit

The Company's internal audit department will evaluate and ensure adherence to the KYC policies and procedures. As a general rule, the compliance team function will provide an independent evaluation of the Company's own policies and procedures, including legal and regulatory requirements. Internal Auditors may specifically check and verify the application of KYC procedures at the branches and comment on the lapses observed in this regard. The compliance in this regard will be put up before the Audit Committee of the Board along with their normal reporting frequency. A compliance conformation from Branch will be obtained by the Principal Officer.

b. Employee Training

The Company will have an ongoing employee training program so that the members of the staff are adequately trained in KYC procedures. Training requirements will have different focuses for frontline staff, compliance staff and staff dealing with new customers so that all those concerned fully understand the rationale behind the KYC policies and implement them consistently.

c. Risk Categorization

Customers shall be categorised as low, medium and high-risk category, based on the assessment and risk perception of the OCHFL. Broad principles for risk-categorisation of customers are as follow.

1. Low Risk Category

- a. Salaried employees whose salary structure is well-defined and regular, with proof of payment (bank statements, salary slip/certificate, etc.)

KYC and AML Policy

- b. Self employed individuals or small firms belonging to informal segment whose income can be assessed either through income documents or through assessed cashflow.
- c. Employee of Government departments and Government-owned companies
Statutory bodies & Regulators

2. Medium Risk Category

The medium risk customer shall be categorized on the basis:

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

3. High-Risk Category

- a. Non-Resident customers
- b. High Net Worth Individuals (HNIs)
- c. Trust, charities, NGO's and Organization receiving donations
- d. Companies having close family shareholding or beneficial ownership
- e. Firms with 'sleeping partners'
- f. PEP – politically exposed person

OCHFL to ensure additional information to ascertain the risk categorisation collected from different categories of customers relating to the perceived risk, is non-intrusive.

The risk categorization of a customer and the specific reasons for such categorization shall be kept confidential and shall not be revealed to the customer to avoid tipping off the customer.

KYC and AML Policy

Chapter 5: Customer Identification Procedure (CIP)

OCHFL shall undertake identification of customers in the following cases:

- a) Commencement of an account-based relationship with the customer.
- b) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- c) Selling third party products as agents, selling their own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for more than rupees fifty thousand.
- d) When OCHFL has reason to believe that a customer (account- based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.
- e) OCHFL shall ensure that introduction is not to be sought while opening accounts.

CIP through Third Party:

For the purpose of verifying the identity of customers 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, OCHFL can rely on customer due diligence done by a third party, subject to the following conditions:

- a) Records or the information of the customer due diligence carried out by the third party is obtained immediately from the third party or from the Central KYC Records Registry.
- b) Adequate steps to be taken by the company to satisfy themselves that copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available from the third party upon request without delay.
- c) The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the PML Act.
- d) The third party shall not be based in a country or jurisdiction assessed as high risk.
- e) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the OCHFL.

Chapter 6: Customer Due Diligence (CDD) Procedure

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

CDD enlists the means to identify the customer through reliable and independent documents / information while establishing a relationship with him/her. OCHFL would procure all relevant documents to establish the identity of the customer including age, place of residence, signature etc.

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

- (a) the Aadhaar number where,
 - (i) The loan applicant is desirous of receiving any benefit or subsidy under any scheme,
 - (ii) he decides to submit his Aadhaar number voluntarily to OCHFL;Or
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

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.

Customer identification means identifying the customer and verifying his/ her / its identity by using reliable, independent source documents, data or information while establishing a relationship. The Company will obtain sufficient information such as Voter ID card, PAN number, Passport etc. necessary to establish, to our satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship. It will be ensured that due diligence is observed based on the risk profile of the customer in compliance with the extant guidelines in place and the same will be available for verification. Besides risk perception, the nature of information/ documents required will also depend on the type of customer (individual, corporate etc). For customers that are natural persons, The Company has to obtain sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph. The Company collects identity proof, bank account details and property documents and the company has empanelled FI agencies who independently verify the applicant's occupation, residence and documents as applicable.

Part II - CDD Measures for Sole Proprietary firms

KYC and AML Policy

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

In addition to the documents mentioned in Part I above, any two of the following documents or the equivalent documents thereof as a proof of business/ activity in the name of the proprietary firm shall also be obtained:

- a) Registration certificate including Udyam Registration Certificate (URC) issued by the Government
- b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act
- c) Sales and income tax returns (
- d) CST/VAT/ GST certificate
- e) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities
- f) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute
- g) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities
- h) Utility bills such as electricity, water, landline telephone bills, etc.

In cases where the customer it is not possible to furnish two such documents, OCHFL may, at the discretion, accept only one of those documents as proof of business/activity. Provided OCHFL staff/empaneled vendor 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

A. For customers that are legal persons or entities, the Company will:

- 1. Verify the legal status of the legal person/ entity through proper and relevant documents.
- 2. Verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person and
- 3. For (i) & (ii) Memorandum of Association and board resolution will be collected to ensure that the person purporting to act on behalf of the legal person/entity is authorized to do so, apart from applicable field/document investigations. In case of partnership firm, a copy of partnership deed along with the registration certificate of the firm, if registered and power of attorney in favor of the person purporting to act on behalf of the firm shall be collected. In order to authenticate the identity of the person so purporting to represent the Company / Firm, Signature verification / attestation shall be done either from the Banker or copy of passport, driving license or pan card to be taken.
- 4. Understand the ownership and control structure of the customer and determine as to who are the natural persons who ultimately control the legal person. For this The Company will collect Shareholding letter duly certified by the Company Secretary/company's Auditor/Chartered accountant and Necessary Resolution / authorization etc.

KYC and AML Policy

- B. For opening an account of a partnership firm
Certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:
- a) Registration certificate
 - b) Partnership deed
 - c) Permanent Account Number of the partnership firm
 - d) PAN and Adhar Number of partners, beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on the firm's behalf
 - e) address of the registered office, and the principal place of its business, if it is different.
- C. 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 paragraph 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 paragraph 16, for those discharging the role as trustee and authorised to transact on behalf of the trust.

Part IV - Identification of Beneficial Owner

For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps in terms of 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.

KYC and AML Policy

Types of KYC Verification Processes

There are two types of KYC verification processes, and both are equally authentic and effective. It entirely depends on the level of convenience the applicant wants to avail. The types of KYC verification processes are as follows.

Online/Digital KYC or e-KYC

The e-KYC or online KYC is a verification process conducted online and can be convenient for anyone accustomed to internet connectivity devices or those who cannot travel due to age, disability or health concerns. For this type, the loan applicant must upload a scanned copy of their identity proof and address proof or produce other documents through a video call (Video KYC) to complete KYC.

Online/Digital KYC to capture live photo of the customer and officially valid document or the proof of possession of Aadhaar along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of OCHFL as per the provisions contained in the Act and RBI guidelines.

In Person KYC

The KYC verification process is carried out offline in person. OCHFL to obtain a certified copy of the proof of possession of Aadhaar number or the OVD and a recent photograph. Loan applicants to visit the OCHFL office to verify and authenticate KYC documents. Alternatively, OCHFL may conduct in-person KYC verification by sending its employee or empanelled vendor to applicant's place mentioned on the application form.

Part V - On-going Due Diligence

Periodic Updation

OCHFL 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. Periodic updation shall be carried out at least once in every two years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers from the date of opening of the account / last KYC updation.

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

a) Individuals:

- i. **No change in KYC information:** In case of no change in the KYC information, a self-declaration from the customer in this regard shall be obtained through customer's email-id registered with the OCHFL, customer's mobile number registered with the OCHFL, ATMs, digital channels (such as online banking / internet banking, mobile application of OCHFL), letter, etc.
- ii. **Change in Address:** In case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from the customer through customer's email-id registered with the OCHFL, customer's

KYC and AML Policy

mobile number registered with the OCHFL, ATMs, digital channels (such as online banking / internet banking, mobile application of OCHFL), letter, etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables, etc.

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 OCHFL, ATMs, digital channels (such as online banking / internet banking, mobile application of OCHFL), letter from an official authorized by the LE in this regard, board resolution, etc. Further, OCHFL shall 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, OCHFL shall undertake the KYC process equivalent to that applicable for on boarding a new LE customer.

c) Additional measures:

In addition to the above, OCHFL shall ensure that,

- i. The KYC documents of the customer as per the current CDD standards are available with them. This is applicable even if there is no change in customer information but the documents available with the OCHFL are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the OCHFL has expired at the time of periodic updation of KYC, OCHFL shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.
- ii. Customer's PAN details, if available with the OCHFL, is verified from the database of the issuing authority at the time of periodic updation of KYC.
- iii. Acknowledgment is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out updation/ periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of updation/ periodic updation of KYC are promptly updated in the records / database of the REs and an intimation, mentioning the date of updation of KYC details, is provided to the customer.
- iv. In order to ensure customer convenience, OCHFL may consider making available the facility of updation/ periodic updation of KYC at any branch.
- v. OCHFL shall adopt a risk-based approach with respect to periodic updation of KYC. Any additional and exceptional measures, which otherwise are not mandated under the above instructions, adopted by the OCHFL such as requirement of obtaining recent photograph, requirement of physical presence of the customer, requirement of periodic updation of KYC only in the branch of OCHFL where account is maintained, a more frequent periodicity of KYC updation than the minimum specified periodicity etc., shall

KYC and AML Policy

be clearly specified in the internal KYC policy duly approved by the Board of Directors of the Company or any committee of the Board to which power has been delegated.

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

Part VI - Enhanced and Simplified Due Diligence Procedure

A) Enhanced Due Diligence

- i) **For non-face-to-face customer onboarding**
Non-face-to-face onboarding facilitates the OCHFL 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 paragraph 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 OCHFL in non-face-to-face customer onboarding.

- a) In case OCHFL 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) **Accounts of Politically Exposed Persons (PEPs)**

KYC and AML Policy

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

OCHFL 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) OCHFL have in place appropriate risk management systems to determine whether the customer or the beneficial owner is a PEP;
- b) Reasonable measures are taken by the OCHFL for establishing the source of funds / wealth;
- c) the approval to open an account for a PEP shall be obtained from the senior management;
- d) all such accounts are subjected to enhanced monitoring on an on-going basis;
- e) in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management’s approval is obtained to continue the business relationship;

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

B) Simplified Due Diligence:

OCHFL is not dealing with SHG and FIPs, hence this provision is not applicable to the company.

C) Due Diligence for High Risk Customer identification will be as follows:

1. Non-resident customers, due diligence including email verification of employment of the customer, collection of a local guarantor & power of attorney along with their identification proofs and verification of their residence/office will be done, if found necessary.
2. High net worth individuals, with less than three years’ occupational track record due diligence including personal discussion with the applicant, analysis of bank statement and financial statements will be done, details of client profile, sources of fund will be obtained, if required.
3. Trusts, charities, NGOs and organizations receiving donations, to be undertaken as high-risk categories.
4. Companies having close family shareholding or beneficial ownership, due diligence including personal discussion with the applicant will be done. In case of company's proportionate income being considered to the extent of the customer's Shareholding in the company- board resolution authorizing the director(s) to sign on behalf of the company will be collected. Also signature verification of the person(s) issuing the board resolution will be collected, if necessary.

KYC and AML Policy

5. Firms with 'sleeping partners', due diligence including personal discussion with the applicant will be done. If income of the partnership firm is being considered, then The Company will collect a letter signed by all the partners authorizing the concerned partner(s) to sign on behalf of the partnership to be continued. Also signature verification of the person(s) issuing this authority letter will be collected, if necessary.
 6. Politically exposed persons (PEPs) of foreign origin, same due diligence as NRI/PIO to be undertaken, though the Company is not doing cases of applicants of foreign origin. Only cases of applicants of Indian Origin working abroad are done.
 7. Non-face to face customers, due diligence including telephonic/personal discussions be done, if required. Information from reliable sources will be obtained for establishing the existence of the person.
 8. Those with dubious reputation as per public information available, etc. If found dubious then the case will not be entertained.
- D. Customer identification requirements in respect of a few typical cases, especially, legal persons requiring an extra element of caution are given below:
1. Trust Nominee or Fiduciary Accounts: There exists the possibility that trust/nominee or fiduciary accounts can be used to circumvent the customer identification procedures. Hence, as and when such cases are received, the Company will determine whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so, the Company may insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also obtain details of the nature of the trust or other arrangements in place. In the case of a 'foundation', steps will be taken to verify the founder managers/directors and the beneficiaries, if defined.
 2. Accounts of companies and firms: The Company will be careful while processing the cases of business entities especially to establish that individuals are not using those entities for maintaining accounts with it. The Company shall seek information, if required, on the control structure of the entity, source of funds and the natural persons who carry a controlling interest in the management. These requirements may be moderated as per our credit risk policy and align with the operations manual, for e.g. in the case of a public company it will not be necessary to identify all the shareholders.
 3. Client accounts opened by professional intermediaries: When the Company has knowledge or reason to believe that the client account opened by a professional intermediary like Direct Selling Agent or Direct Selling Team or any other sales intermediary by whatever name called is on behalf of a single client, that client will be identified. Where the Company relies on the 'customer due diligence' (CDD) done by an intermediary like Field Investigation Agency or technical agency or lawyer or any other operation processing intermediary by whatever name called, the Company will ensure that the intermediary is having a bonafide identity with an established track record.
 4. Accounts of Politically Exposed Persons (PEPs) resident outside India: Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g. Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. The Company will gather

KYC and AML Policy

sufficient information as available on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. The Company will verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. The above norms may also be applied to the accounts of the family members or close relatives of PEPs

5. Accounts of non-face-to face customers: In the case of non-face-to-face customers, apart from applying the usual customer identification procedures, The Company will do telephonic/personal discussion with the applicant, if necessary. Applicant will be met by the Sales representative of the Company and will fill up the meeting sheet on that basis to mitigate the higher risk involved, as applicable. Certification of all the documents presented may be insisted upon and, if necessary, additional documents may be called for and applicable verification of these documents will be done. In the case of cross-border customers, there is the additional difficulty of matching the customer with the documentation and the Company may have to rely on third party certification/introduction. In such cases, it will be ensured that generally the third party is a regulated and/or supervised entity with an established track record. Hence apart from the existing due diligence for such customers The Company may take resident Indian Co-applicant as a party to the loan proposal or a local resident guarantor to the loan with identity verification. An indicative list of the nature and type of documents that may be relied upon for customer identification is given in the Annexure I.

Client Identification Program to determine the true identity of its clients, will cover in the in detail through the employee training program.

KYC and AML Policy

Chapter 7: Record Management

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

- a) maintain all necessary records of transactions between the OCHFL 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:
 1. the nature of the transactions;
 2. the amount of the transaction and the currency in which it was denominated;
 3. the date on which the transaction was conducted; and
 4. 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.

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

Maintaining Transaction Records

As per the rule of the Prevention of Money Laundering Rules, the Company will maintain the records of the below mentioned transactions:

Nature of Transaction	Description
All cash transactions	Value > ₹10 lakh (or equivalent in foreign currency), whether single or series of connected transactions.
Series of connected cash transactions	Each individually < ₹10 lakh, but aggregating > ₹10 lakh within a month and integrally connected.
Transactions involving receipts by NPOs (Non-Profit Organisations)	Receipts of value > ₹10 lakh (or equivalent foreign currency).
All cash transactions involving forged/ counterfeit currency notes	Where forged/ counterfeit Indian currency has been used or attempted to be used as genuine.

KYC and AML Policy

All suspicious transactions	whether in cash or not, made by way of deposits, credits, withdrawals, telegraphic transfers, Or relating to investment in securities, insurance policies, real estate, etc.
Cross-border wire transfers	Value > ₹5 lakh (or equivalent in foreign currency), Reportable whether outward or inward.
Purchase and sale of immovable property	Valued at ₹50 lakh or more (registered value).
Unusual early foreclosure / pre-closure of loan (linked to suspicious activity)	Loan foreclosed within months of disbursement with bulk cash or unexplained source of funds.
Multiple loans taken and prepaid quickly	Customer availing small LAP/home loans, prepaying via unknown third-party accounts.

In compliance with Section 12 of PMLA, the Company would maintain records as under

- a) Records of identity of all customers to be maintained for a period of Five years from the date of cessation of transactions between the customer and the Company.
- b) Records of all transactions referred to in clause (a) of Sub-section (1) of section 12 read with Rule 3 of the PMLA Rules to be maintained for a period of Five years from the date of transactions between the customers and the Company.

KYC and AML Policy

Chapter 8: Report Requirements to Financial Intelligence Unit – India

Monitoring of Transactions

Continuous monitoring of transactions is a key part of KYC and AML policy. OCHFL disburses long term finance to EWS/LIG/MIG households towards first time home purchase with maximum loan size of Rs.50 lakhs. The repayment of the instalments by the customer is done either through Cheque, demand draft, NACH, online payment or direct debit. Also, OCHFL is not authorized to accept public deposits. Hence, the incidence of cash is negligible or quite low. Despite, this being the case OCHFL would continue to monitor cash transactions as per NHB / PMLA guidelines.

OCHFL undertakes the activity of categorization of the customers as per the risk emanating from dealing with them. The same is reviewed on annual basis by Risk Management Committee. The Company stores and maintains a record of the transactions with the customer as required in terms of section 12 of the PML Act. The Company will ensure that transactions of suspicious nature as given below and/or any other type of transaction notified under section of the PML Act, is reported to the appropriate law enforcement authority, as and when detected by our officials through the Principal Officer within the specified time, please refer Annexure II for list of suspicious transactions pertaining to the Housing Loans.

The Company and all its Branches / Offices while reporting the Suspicious Transactions (STR) shall be guided by and follow the guidelines as specified in the 'Guidance Note on Effective Process of STRs Detections and Reporting for Housing Finance Sector, issued by Financial Intelligence Unit – India (FIU), Ministry of Finance in consultation with National Housing Bank dated 30th December, 2015. The Red Flag Indicators (RFI) / Parameters for, STR identification as specified in the subject guidance note being made part of this Policy for reporting of STRs. Please refer Annexure III related to the RFI.

Reporting of Transactions

OCHFL shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to in rule 3 of the PML (Maintenance of Records) Rules, 2005 in terms of rule 7 thereof.

All Directors, officers, and 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.

The company shall have robust process / system 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.

OCHFL will use the reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility. The editable electronic utilities to file electronic Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR) which FIU IND has placed on its website shall be made use of by the company.

The Principal Officers of OCHFL, where in a branch are not fully computerized, shall have suitable arrangement to cull out the transaction details from branches which are not yet computerized and to feed the data into an electronic file with the help of the editable electronic utilities of CTR/STR as have been made available by FIU-IND on its website <http://fiuindia.gov.in>.

KYC and AML Policy

Reporting to FIU-IND

The Principal officer will report information relating to cash and suspicious transactions if detected to the Director, to Financial Intelligence Unit-India (FIU-IND) as advised in terms of the PMLA rules, in the prescribed formats as designed and circulated by NHB at the following address:

Director, FIU-IND,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi - 110021.

A copy of information furnished shall be retained by the Principal Officer for the purposes of official record.

KYC and AML Policy

Chapter 9: Requirements/obligations under International Agreements - Communications from International Agencies

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

- (a) OCHFL shall ensure that in terms of section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).

The details of the two lists are as under:

- i. The “ISIL (Da’esh) & Al-Qaida Sanctions List”, established and maintained pursuant to Security Council resolutions 1267/1989/2253, which includes names of individuals and entities associated with the Al Qaida is available at www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list
- ii. The “Taliban Sanctions List”, established and maintained pursuant to Security Council resolution 1988 (2011), which includes names of individuals and entities associated with the Taliban is available at <https://www.un.org/securitycouncil/sanctions/1988/materials>

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

- (b) Details of accounts resembling any of the individuals/entities in the lists shall be reported to FIU-IND apart from advising Ministry of Home Affairs (MHA) as required under UAPA notification dated 131February 2, 2021 (Annex II of this Master Direction).
- (c) Freezing of Assets under section 51A of UAPA, 1967: The procedure laid down in the UAPA Order dated 132February 2, 2021 (Annex II of this Master Direction), shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured. The list of Nodal Officers for UAPA is available on the website of MHA.

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

- a. OCHFL shall ensure meticulous compliance with the “Procedure for Implementation of section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005” laid down in terms of section 12A of the WMD Act, 2005 vide Order dated September 1, 2023, by the Ministry of Finance, Government of India (Annex III of this Master Direction).

KYC and AML Policy

- b. In accordance with paragraph 3 of the aforementioned Order, OCHFL shall ensure not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list.
 - c. Further, OCHFL shall run a check, on the given parameters, at the time of establishing a relation with a customer and on a periodic basis to verify whether individuals and entities in the designated list are holding any funds, financial asset, etc., in the form of bank account, etc.
 - d. In case of match in the above cases, OCHFL shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (CNO), designated as the authority to exercise powers under section 12A of the WMD Act, 2005. A copy of the communication shall be sent to State Nodal Officer, where the account / transaction is held and to the RBI. It may be noted that in terms of Paragraph 1 of the Order, Director, FIU-India has been designated as the CNO.
 - e. OCHFL 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, REs shall prevent such individual/entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post, without delay.
 - g. In case an order to freeze assets under section 12A is received by the REs from the CNO, REs shall, without delay, take necessary action to comply with the Order.
 - h. The process of unfreezing of funds, etc., shall be observed as per paragraph 7 of the Order. Accordingly, copy of application received from an individual/entity regarding unfreezing shall be forwarded by OCHFL 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.
- 3) OCHFL shall verify every day, the 'UNSCR 1718 Sanctions List of Designated Individuals and Entities', as available at <https://www.mea.gov.in/Implementation-of-UNSC-Sanctions-DPRK.htm>, to take into account any modifications to the list in terms of additions, deletions or other changes and also ensure compliance with the 'Implementation of Security Council Resolution on Democratic People's Republic of Korea Order, 2017', as amended from time to time by the Central Government.

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

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

- 4) 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. OCHFL shall apply enhanced due diligence measures, which are effective and proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.

KYC and AML Policy

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

OCHFL will encourage to leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements.

KYC and AML Policy

Chapter 10: Other Instructions

1) Secrecy Obligations and Sharing of Information:

- a. OCHFL shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the company 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, OCHFL shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in the transactions.
- d. The exceptions to the said rule shall be as under:
 - i. Where disclosure is under compulsion of law,
 - ii. Where there is a duty to the public to disclose,
 - iii. Where the interest of OCHFL requires disclosure, and
 - iv. Where the disclosure is made with the express or implied consent of the customer

2) 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 the PML Rules, OCHFL shall capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.
- c. OCHFL will follow Operational Guidelines released by CERSAI for uploading the KYC Data.
- d. OCHFL shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as per the KYC templates prepared for 'Individuals' and 'Legal Entities' (LEs), as the case may be. The templates may be revised from time to time, as may be required and released by CERSAI.
- e. The 'live run' of the CKYCR started from July 15, 2016 in phased manner beginning with new 'individual accounts'. OCHFL shall upload 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. OCHFL 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, REs 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, OCHFL shall upload/update the KYC data pertaining to accounts of individual customers and LEs opened prior to the above-mentioned dates as per clauses (e) and (f), respectively, at the time of periodic updation as specified in paragraph 38 of this Master Direction, or earlier, when the updated KYC information is obtained/received from the customer. Also, whenever the OCHFL obtains additional or updated information from any customer as per clause (j) below in this paragraph or Rule 9 (1C) of the PML Rules, the OCHFL shall within seven days or within such period as may be notified by the Central Government, furnish the updated information to CKYCR, which shall update the KYC records of the existing customer in CKYCR. CKYCR shall thereafter inform electronically all the reporting entities who have dealt with the concerned customer regarding updation of KYC record of the said

KYC and AML Policy

customer. Once CKYCR informs an OCHFL regarding an update in the KYC record of an existing customer, the OCHFL shall retrieve the updated KYC records from CKYCR and update the KYC record maintained by the Company.

- i. OCHFL shall ensure that during periodic updation, the customers are migrated to the current CDD standard.
- j. For the purpose of establishing an account-based relationship, updation/ periodic updation or for verification of identity of a customer, the OCHFL shall seek the KYC Identifier from the customer or retrieve the KYC Identifier, if available, from the CKYCR and proceed to obtain KYC records online by using such KYC Identifier and shall not require a customer to submit the same KYC records or information or any other additional identification documents or details, unless—
 - i. there is a change in the information of the customer as existing in the records of CKYCR; or
 - ii. the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or
 - iii. the validity period of downloaded documents has lapsed; or
 - iv. the Company considers it necessary in order to verify the identity or address (including current address) of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the customer.

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

Under FATCA and CRS, OCHFL 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: OCHFL 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>. REs may take note of the following: i. ii. updated Guidance Note on FATCA and CRS a press release on 'Closure of Financial Accounts' under Rule 114H (8).

KYC and AML Policy

4) Introduction of New Technologies:

OCHFL 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, the Company 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.

5) 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.

6) Selling Third party products:

When OCHFL acting as agents 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 paragraph 13(e) of this Direction.
- b. transaction details of sale of third-party products and related records shall be maintained as prescribed in paragraph 46 of Chapter VII.
- 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:
 - debit to customers' account or against cheques; and
 - obtaining and verifying the PAN given by the account-based as well as walk-in customers.
- e. Instruction at 'd' above shall also apply to sale of the company's own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for rupees fifty thousand and above.

7) Hiring of Employees and Employee training

- a. Adequate screening mechanism, including Know Your Employee / Staff policy, shall be an integral part of OCHFL's personnel recruitment/hiring process.
- b. OCHFL 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. OCHFL shall also strive to develop an environment which fosters open communication and high integrity amongst the staff.
- c. OCHFL shall put in place on-going employee training programme 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 company, regulation and related issues shall be ensured.

KYC and AML Policy

8) Customer Education

The OCHFL staff and authorized personnel dealing with customers would have the prime responsibility of educating the customer about the importance of compliance with KYC and AML guidelines. They would ensure that the customer is given all necessary information about the KYC and AML guidelines and the need to collect relevant documents from the customer as a part of the overall loan process. The Company would also ensure that this information is disseminated to the customers and other related stakeholders through appropriate channels of communication so that there is an increased awareness of the same. Company will ensure availability literature/ pamphlets to the customer,

9) Usage of E-KYC and Bank Account Integration

OCHFL intends to use E-KYC process as introduced by UIDAI in order to have a simple, effective, paperless and hassle-free process to establish identity of the customer, **usage of the same is subject to any future notifications by competent authority.** OCHFL also intends to use bank account integration so as to download the bank account statement of the customer directly from the bank account in a read only format. Before using these technologies, The Company would take explicit consent of the customer and also inform him / her about the features and the safe environment of the above technologies which would cause no financial or any other harm to the customer or compromise his/her privacy Amendment

The Company has the right to update or modify parts of this policy or totally from time to time. The Audit Committee and the Chairman will also review this Policy and suggest amendments to make it more relevant and responsive so as to protect the reputation of the Company and minimize the business loss emanating from any misconduct / fraudulent activities.

KYC and AML Policy

Annexure I

CIP enlists the means to identify the customer through reliable and independent documents / information while establishing a relationship with him/her. OCHFL would procure all relevant documents to establish the identity of the customer including age, place of residence, signature etc. The below mentioned list of documents are listed as below which need to be collected from customers towards compliance of CIP

			Income Source				
Document Name	REQUIREMENT	Document Category	Salaried	NRI*	SEP*	SENP*	Document Type
AADHAR CARD	Minimum One Document Must Be Collected	Residence Proof	Yes	Yes	Yes	Yes	Self-Attested Copy
RATION CARD			Yes	Yes	Yes	Yes	Self-Attested Copy
PASSPORT			Yes	Yes	Yes	Yes	Self-Attested Copy
LATEST ELECTRICITY BILL			Yes	Yes	Yes	Yes	Self-Attested Copy
LATEST TELEPHONE/MOBILE BILL			Yes	Yes	Yes	Yes	Self-Attested Copy
LATEST BANK ACCOUNT STATEMENT			Yes	Yes	Yes	Yes	Self-Attested Copy
DRIVING LICENCE			Yes	Yes	Yes	Yes	Self-Attested Copy
LEAVE LICENSE AGREEMENT COPY			Yes	No	Yes	Yes	Self-Attested Copy
LETTER FROM EMPLOYER (SUBJECT TO SATISFACTION OF THE COMPANY)			Yes	No	Yes	Yes	Original
LETTER FROM SOCIETY			Yes	Yes	Yes	Yes	Original
AADHAR CARD	Minimum One Document Must Be Collected	Id Proof	Yes	Yes	Yes	Yes	Self-Attested Copy
VOTER ID CARD			Yes	Yes	Yes	Yes	Self-Attested Copy
DRIVING LICENCE			Yes	Yes	Yes	Yes	Self-Attested Copy
PAN/GIR NUMBER OR FORM 60 OR 61 (WHEREVER APPLICABLE)			Yes	Yes	Yes	Yes	Self-Attested Copy

KYC and AML Policy

PASSPORT			Yes	Yes	Yes	Yes	Self-Attested Copy
ID ISSUED BY EMPLOYER			Yes	Yes	No	No	Self-Attested Copy
PROCESSING FEES CHEQUE			Yes	No	Yes	Yes	Original
PAN/GIR NUMBER OR FORM 60 OR 61 (WHEREVER APPLICABLE)	Minimum One Document Must Be Collected	Signature Proof					
			Yes	Yes	Yes	Yes	Self-Attested Copy
PASSPORT			Yes	Yes	Yes	Yes	Self-Attested Copy
Income Source							
*NRI - Non-Resident Indian							
*SEP - Self Employed Professional							
*SENP - Self Employed Non-Professional							

As a part of CIP, the Company through own staff or appointed third party personnel would carry out verification of the original documents submitted by the customer and also the verification of residence, business, employment etc. The officers would conduct telephone discussion and / or personal discussion with customers as a part of the verification. The staff / authorized personnel should see the original documents, verify the copies and put Original Seen and Verified (OSV) stamp once the documents are verified. For loans to non-individuals (entities like partnership firms/limited companies), the company will obtain and verify the necessary documents to prove empowerment of the individual who is the designated authority in such cases.

No other document will be accepted as Officially Valid Documents (OVD) for ID proof. In view of the change in the definition of 'Officially Valid Documents' the documents mentioned in the revised PML Rules would be accepted. The Company does not have any discretion to accept any other document for this purpose.

Further, in addition to the above documents the Company shall also accept the below mentioned documents as proof of identity and address:

- A. E-KYC services of Unique Identification Authority of India (UIDAI) – through which the information containing demographic details and photographs is made available from UIDAI as a result of e-KYC process. However, for the purpose the individual / customer has to authorize the UIDAI by explicit consent to release his / her identity / address through biometric identification to the Company's branches / offices. Usage of the same is subject to any future notifications by competent authority.
- B. e-Aadhar downloaded from UIDAI website, subject to the following:

KYC and AML Policy

1. If the prospective customer knows only his / her Aadhaar number, the Company may print the prospective customer's eAadhaar letter in its branch/ office directly from the UIDAI portal; or adopt eKYC procedure as mentioned in paragraph I above;
 2. If the prospective customer carries a copy of the eAadhaar downloaded elsewhere, the Company may print the prospective customer's e-Aadhaar letter in its branch/office directly from the UIDAI portal; or adopt e-KYC procedure as mentioned in I above; or confirm identity and address of the resident through simple authentication service of UIDAI.
- C. Physical Aadhaar card/ letter issued by UIDAI containing the details of name, address and Aadhaar number received through post.
- Correct permanent address for proof of residence of individuals
- a. Telephone bill
 - b. Account Statement of a scheduled commercial bank
 - c. Letter from any recognized public authority.
 - d. Electricity bill
 - e. Ration Card
 - f. Letter from Employer (Signed by HR/Proprietor / Owner), subject to satisfaction of the Company.
 - g. Any one documents which the customer provides to the satisfaction of the Company will suffice, which may include the following:
 - i. Leave & License Agreement or Rent Agreement having the validity as on date of entering into a relationship with the Company;
 - ii. Piped Gas Connection Bill/Post Paid Mobile Bill (carrying the present address of the customer, provided that the said bills are not older than 3 months
 - iii. A person not having an address proof in his/her own name may provide an address proof (as accepted by the Company) of any close relative (e.g. Spouse, son, daughter, parents) supported by a document establishing their relationship (e.g. PAN Card, Passport, Birth Certificate. etc.) supported with a declaration that the said customer is residing with the relative whose address proof is being provided to the Company;
 - iv. Acceptance of notarized affidavit as address proof in the rural areas.
- D. **In case of Companies**
- a. Name of the company
 - b. Principal place of business
 - c. Mailing address of the company
 - d. Telephone/Fax Number
 1. Certificate of Incorporation and Memorandum & Articles of Association.
 2. Certificate of incorporation and Memorandum & Articles of Association
 3. Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account.
 4. Power of Attorney granted to its managers, officers or employees to transact business on its behalf
 5. Copy of PAN / allotment letter
 6. Copy of the telephone bill
- E. **In case of Partnership Firms** Legal name
- a. Address
 - b. Names of all partners and their addresses-
 - c. Telephone numbers of the firm and partners

KYC and AML Policy

1. Registration certificate, if registered
2. Partnership deed
3. Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf
4. Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses
5. Telephone bill in the name of firm/partners

F. Trusts & Foundations

- a. Names of trustees, settlers, beneficiaries and signatories
- b. Names and addresses of the founder, the managers/directors and the beneficiaries
Telephone/fax numbers
 1. Certificate of registration, if registered
 2. Power of Attorney granted to transact business on its behalf
 3. Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/ managers/ directors and their addresses
 4. Resolution of the managing body of the foundation/association
 5. Telephone bill

NOTE:

It is herewith clarified that if the address provided by the customer(s) is the same on the document submitted for identify proof, the subject document may be accepted as a proof of both identity and address. However, if the current address mentioned by the customer is different from the address indicated on the document submitted for proof of identity, a separate proof of address should be obtained as per the list of documents mentioned above.

Following are the list of suspicious transactions pertaining to the Housing Loans.

- A. Reluctance to provide information, data, documents as demanded by the OCHFL staff or authorized personnel.
- B. Submission of false documents, information, in relation to KYC, Income documents or loan purpose.
- C. Reluctance to meet in person even when physically present at the said address and represents him/her through a third party or PoA without any proper justification.
- D. Approaching a branch which is far away from the customer's residential or business address provided in the loan application even when there is a branch/office closer to the given address.
- E. Unable to explain the transactions in the bank account
- F. Having multiple bank accounts without any proper justification or purpose
- G. Own contribution made through unrelated sources / accounts which cannot be properly justified or verified
- H. Request for availing top-up loan without proper justification of the purpose and end-use
- I. Suggestion of spurious means for sanction of the loan
- J. Encashment of the disbursement amount by opening a fictitious bank account
- K. Requests for disbursement to be done in the favour of a third party that is totally unrelated
- L. Usage of loan for other than the stated purpose at the time of loan application
- M. Usage of loan in connivance with the builder/developer/broker/agent
- N. Frequently conveying change of address and other particulars
- O. Reasonable doubts over the real beneficiary of the loan and the property/dwelling unit to be purchased
- P. Abnormally low/high consideration in the sale agreement compared to the prevailing rate in the area where the home is purchased
- Q. Multiple funding of the same property/dwelling unit
- R. Multiple funding involving an NGO, charitable organisation, self-help groups or small / medium enterprises
- S. Regular requests to refund part/full prepayment of loan
- T. Payments from a third-party bank account without any proper justification

RED FLAGS / PARAMETERS TO IDENTIFY SUSPICIOUS TRANSACTIONS (STR)

List of RED FLAG INDICATORS (RFI) for STR identification:

In order to facilitate an effective reporting regime of STRs by HFCs, the note identifies a list of RFIs that may be further identified as a Suspicious Transaction and then reported as a STR, upon due verification.

The RFIs are identified as situations that may be encountered by HFCs in particular and are categorized under the following broad categories:

- A. Customer Centric;
- B. Transaction / Loan Account Centric;
- C. Property / Property document Centric; and
- D. Cases (falling under a, b & c above) that would require auto reporting
- E. List of RFIs pertaining to builder/project loans

As such the suggested RFIs are essentially situations that would require further analysis as they have the potential of being a STR. The Principal Officers are expected to sensitize the respective HFCs of the RFIs and should there be adequate justification, the RFIs may then be reported as STRs to the Principal Officer for further reporting to the FIU. Mere sighting of the enumerated situations is not expected to be reported as a STR on an “as is” basis as the same is in the nature of possible trigger of reporting as a STR and should be accordingly reported after adequate diligence and with proper justification.

There are certain parts (as specifically indicated) that would need to be assessed by the company, in lines of its business practices, and determine the point of trigger of the RFI for the company.

Upon such identification, the company would approve these RFIs by the Board and incorporate the same as a part of the respective KYC policy.

Thus in order to ensure effective reporting of STRs, the note identifies the following transactions/situations as RFIs which (upon adequate diligence and justification) may be identified as a Suspicious Transaction and then onward reported as a STR.

Part A: RFIs that are Customer Centric:**A. Identity of Customer**

1. Submission of false Identification Documents.
2. Customer holding multiple PAN.
3. Identification documents which could not be verified within reasonable time or replaced with another set of Identification documents.
4. Accounts opened with names very close to other reputed business entities.
5. Customer uses aliases and a variety of similar but different addresses.
6. Customer spells his or her name differently from one transaction to another, without justification.
7. Name of customer indicated differently in different KYC documents enabling creation of multiple customer identities.

KYC and AML Policy

8. A customer/company who is reluctant or refuses to provide complete information, data, documents and to reveal details about its activities or to provide financial statements /Employment related documents / KYC documents.
9. Doubt over the real beneficiary of the loan account
10. The customer is reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons.
11. The customer approaches a branch/office of a HFC, which is away from the customer's residential or business address provided in the loan application, when there is HFC branch/office nearer to the given address.
12. Changes in mailing address of the Customer more than [twice] in last 6 months
13. Unusual capital, partnership, management or employment structure of companies compared to other institutions in the same sector or general company structure.
14. Current data not updated with relevant regulatory authorities, without justification.
15. Existing or new partners/shareholders abstaining from giving information about their personal and commercial background, having indications that they did not have interest, education or experience in the field in which the company operates

B. Background of a Customer

1. The customer details matched with watch lists (e.g. UN list, Interpol list etc.)
2. Notice/Letter from a law enforcement agencies / Regulators/ Other Government Agencies: In case of such notices received, Principal Officer should be informed for further action /advise on the matter. This notice shall be treated as an alert to analyze the transactions in such accounts and if the transactions appear to be suspicious the same should be included in the STR along with the details mentioned in the "Ground of Suspicion". These Accounts are to be reported even if they are closed.
3. Adverse Media / Public News: Branches / offices should check for adverse media coverage with the names of the customer. The names of customers that are pointed as suspects or accused in such reports shall be searched and in case of matches the same may be further internally analyzed for reporting purposes.
4. Customer shows income from "foreign sources" on loan application without providing proper documentation.

C. Credit Bureau Information

Multiple addresses reflecting against the name of the customer which has not been shared / or does not match with the employment history / residence details provided.

1. Part B: RFIs that are Transaction / Loan Account Centric:

a. Multiple Accounts

- i. Use of Bank A/c's of Third Parties for payment of EMIs as per NHB guidelines.
- ii. Change in the bank account from which PDC/ ECS are issued as per company policy
- iii. Total amount of payments through DD, Cash and 3rd party Cheques valued as per NHB guidelines
- iv. Customer appears to have recently established a series of new relationships with different financial entities.

b. Nature of Activity in an Account

- i. Unusual activity compared with past transactions.
- ii. Encashment of loan amount by opening a fictitious bank account.

KYC and AML Policy

- iii. Activity inconsistent with what would be expected from declared business/profile of the customer.
- iv. Loan Accounts with original tenor of more than 1 year are foreclosed within 6 months after disbursement of loan.
- v. Usage of loan amount by the customer in connivance with the vendor/builder/developer/broker/agent etc. and using the same for a purpose other than what has been stipulated.
- vi. Overpayment of instalments in cash with a request to refund the excess amount.
- vii. Customer conducts transactions at different physical locations in an apparent attempt to avoid detection.
- viii. Customer presents confusing details about the transaction or knows only few details about its purpose.
- ix. Customer's home or business telephone number has been disconnected or there is no such number when an attempt is made to contact customer shortly after opening account.
- x. Account indicated by customer to receive interest payment against a deposit placed is attached by Government Authorities

c. Nature of Transactions

- i. Unusual or unjustified complexity shown in a Transaction that may normally be done in simpler manner.
- ii. Initial contribution made through unrelated third party accounts without proper justification;
- iii. No economic rationale or bonafide purpose behind the transaction.
- iv. Availing a top-up loan and/or equity loan, without proper justification of the end use of the loan amount
- v. Suggesting dubious means for the sanction of loan

d. Value of Transactions

- i. Value just under the reporting threshold amount in an apparent attempt to avoid reporting.
- ii. Multiple related cash transactions which are broken to just below the following thresholds:
 - i. Rs. 50,000/- in a day
 - ii. Rs.10,00,000/- in a month
- iii. Value inconsistent with the client's apparent financial standing.

e. Transactions amongst family members

Transaction between members of the same family to avail a loan wherein there is no genuine transaction / rationale.

2. Part C: RFIs that are Property / Property document Centric:

- a. Cash payment indicated in the Sale Deed/Agreement, Cash payment shown as consideration paid to the seller for purchase of a property and the source of which cannot be explained or proof not provided by the customer.
- b. Valuation of property Valuation of property shown considerably lower in the sale deed than the government approved rate / RESIDEX, especially on sale deeds executed within a period of 12 months.

KYC and AML Policy

- c. Change in Ownership without rationale Converting/changing the individual properties in the name of Company/Trust/HUF/Partnership Firm/LLP by executing a sale deed at a low price or by way of any type of agreement, attorney, arrangement (registered or not) and subsequently in quick succession further transaction is shown at a considerably higher amount in favor of third parties.
- d. Refusal to share own Contribution Details Specifically in cases where the source is specified as "Funds from Family" and the customer fails or refuses to divulge any information or proof on where the concerned family member is providing the funds from.
- e. Property repurchased Customer buys back a property that he or she recently sold without justification

3. Part D: RFIs that may be considered to be auto generated through system:

- a. Foreclosure by a customer in a very short period: Loan Accounts with original tenor of more than 1 year are foreclosed within 6 months after disbursal of loan.
- b. Frequently change in repayment bank account during currency of account:
 - i. Change in the bank account from which PDC/ ECS are issued more than [*] in last [6/12] months
- c. Negative information about customer through external sources/ database or Notice received from any Agency / Regulator/ Other Government Agencies
 - i. The customer details matched with watch lists (e.g. UN list, Interpol list etc.)
 - ii. Notice/Letter from a law enforcement agencies / Regulators/ Other Government Agencies: In case of such notices received, Principal Officer should be informed for further action /advise on the matter. This notice shall be treated as an alert to analyse the transactions in such accounts and if the transactions appear to be suspicious the same should be included in the STR along with the details mentioned in the "Ground of Suspicion". The Accounts are to be reported even if they are closed.
 - iii. Adverse Media / Public News: Branches / offices should check for adverse media coverage with the names of the customer. The names of customers that are pointed as suspects or accused in such reports shall be searched and in case of matches the same may be further internally analyzed for reporting purposes.
- d. Frequent change of Address without reasonable explanation Changes in mailing address more than [*] in last 6 months
- e. Account having a large volume of repayments by depositing DD, Cash and 3rd party Cheques
 - i. Total amount of payments through DD, Cash and 3rd party Cheques valued at [*] EMI's / part payments in last 30 days
- f. Transaction more than specified percentage of the EMI, paid in cash by a Delinquent Borrower. for more than 6 months repays the loan in cash beyond [*] the original EMI.
- g. Cash transactions Multiple related cash transactions which are broken to just below the following thresholds:
 - i. Rs. 50,000/- in a day
 - ii. Rs.10,00,000/- in a month
- h. Separate bank accounts Use of Bank A/c's of Third Parties for payment of EMI's at more than [*] occasions.

4. Part E: Additional List of RFIs pertaining to Builder / Project Loans:

- a. Builder approaching the HFC for a small loan compared to the total cost of the project-
;

KYC and AML Policy

- b. Builder is unable to explain the sources of funding for the project;
- c. Approvals/sanctions from various authorities are proved to be fake; suspects or accused in such reports shall be searched and in case of matches the same may be further internally analyzed for reporting purposes
- d. Builder retains substantial number of the Units in the Project in his or his family member's names
- e. Builder has known political connections / shareholders or directors of his company are individuals with suspicious background
- f. Frequent Reconstitution of partnership/ proprietorship without justification.
- g. Allotting different numbers to the same flat in different style/order.

Annexure IV

DIGITAL KYC PROCESS

1. The OCHFL 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 OCHFL.
2. The access of the Application shall be controlled by the OCHFL 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 OCHFL to its authorized officials.
3. The customer, for the purpose of KYC, shall visit the location of the authorized official of the OCHFL or vice-versa. The original OVD shall be in possession of the customer.
4. The OCHFL 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 OCHFL shall put a water-mark in readable form having CAF number, GPS coordinates, authorized official's name, unique employee Code (assigned by REs) and Date (DD:MM:YYYY) and time stamp (HH:MM:SS) on the captured live photograph of the customer.
5. The Application of the OCHFL 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.
6. 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.
7. The live photograph of the customer and his original documents shall be captured in proper light so that they are clearly readable and identifiable.
8. 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.
9. 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 officers registered with the OCHFL shall not be used for customer signature. The OCHFL must check that the mobile number used in customer signature shall not be the mobile number of the authorized officer.

KYC and AML Policy

10. 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 OCHFL. 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.
11. 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 OCHFL, 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.
12. The authorized officer of the OCHFL shall check and verify that:- (i) information available in the picture of document is matching with the information entered by authorized officer in CAF. (ii) live photograph of the customer matches with the photo available in the document.; and (iii) all of the necessary details in CAF including mandatory field are filled properly.;
13. On Successful verification, the CAF shall be digitally signed by authorized officer of the OCHFL who will take a print of CAF, get signatures/thumb-impression of customer at appropriate place, then scan and upload the same in system. Original hard copy may be returned to the customer.

Banks may use the services of Business Correspondent (BC) for this process.

Annexure V**Procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967**

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

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

- 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 the Order, 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 engaged in 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 Security Council Resolutions) Order, 2007, as may be amended from time to time.

2. In order to ensure expeditious and effective implementation of the provisions of Section 51A, 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: 011-23093124, 011-230923465 (Fax), email address: 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 contact details 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.

KYC and AML Policy

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 –

5.1.1 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.

5.1.2 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.

5.1.3 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.

KYC and AML Policy

- 5.1.4 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, without delay.
- 5.1.5 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

KYC and AML Policy

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:

7.1 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.

7.2 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.

7.3 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

KYC and AML Policy

delay inform the CBIC, who in turn follow the similar procedure as laid down in the paragraphs 6.2 to 6.5 above.

- 7.4 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.
- 7.5 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.
- 7.6 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.
- 7.7 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.
- 7.8 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.
- 7.9 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

KYC and AML Policy

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.

- 7.10 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.**

KYC and AML Policy

- 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:-
 - 10.1.1 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;
 - 10.2 necessary for extraordinary expenses, provided that such determination has been notified by the MEA;
 - 10.3 The addition may be allowed to accounts of the designated individuals/ entities subject to the provisions of paragraph 10 of:
 - 10.3.1 interest or other earnings due on those accounts, or
 - 10.3.2 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;
 - 10.3.3
 - 10.3.3.1 : 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 "Joint Secretary (CTCR), North Block, New Delhi – 110001" or through email to jsctcr-mha@gov.in"
 - 10.3.3.2 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/

KYC and AML Policy

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.

11A. 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.

KYC and AML Policy

- 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.

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:

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—
owned or controlled, wholly or jointly, directly or indirectly, by such person; or
held by or on behalf of, or at the direction of, such person; or
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.

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 (OCHFL) 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.

KYC and AML Policy

- 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 OCHFL.
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.
 - 2.2 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.
 - 2.3 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.
 - 2.4 The Regulators shall make available the updated designated list, without delay, to their OCHFL. The REs will maintain the designated list and update it, without delay, whenever changes are made as per para 2.1 above.
 - 2.5 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 –

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, OCHFL 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.

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

KYC and AML Policy

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, OCHFL 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.

The OCHFL 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.

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 OCHFL 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 –

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.

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

KYC and AML Policy

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.

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):
 - 5.1 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

KYC and AML Policy

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.

- 5.2 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.
- 5.3 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.
- 5.4 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.
- 5.5 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

KYC and AML Policy

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.

5.6 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.

5.7 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.

5.8 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.

5.9 The Other 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 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.)

6

6.1 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

KYC and AML Policy

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.

6.2 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.

6.3 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.

6.4 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.

6.5 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.

7 Regarding exemption, to be granted to the above orders

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

- 7.1.1 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

KYC and AML Policy

resources, and in the absence of a negative decision by the UNSC or its Committee within 5 working days of such notification.

- 7.1.2 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;

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

- 7.2.1 interest or other earnings due on those accounts, or
- 7.2.2 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;

- 7.2.3 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:

7.2.3.1 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;\

7.2.3.2 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

7.2.3.3 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

7.3 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:

- 7.3.1 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 OCHFL/Registrar of Immovable Properties/ ROC/Regulators and the State.

- 7.3.2 The OCHFL/Registrar of Immovable Properties/ROC/Regulator and the State Nodal Officer shall inform, and forward a copy of the application, together

KYC and AML Policy

- 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.
- 7.3.3 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 OCHFL/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.
- 7.3.4 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 OCHFL/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.

Annexure VII

KYC documents for eligible FPIs under PIS

Document Type		FPI Type		
		Category I	Category II	Category III
Entity Level	Constitutive Documents (Memorandum and Articles of Association, Certificate of Incorporation etc.)	Mandatory	Mandatory	Mandatory
	Proof of Address	Mandatory (Power of Attorney {PoA} mentioning the address is acceptable as address proof)	Mandatory (Power of Attorney mentioning the address is acceptable as address proof)	Mandatory other than Power of Attorney
	PAN	Mandatory	Mandatory	Mandatory
	Financial Data	Exempted *	Exempted *	Mandatory
	SEBI Registration Certificate	Mandatory	Mandatory	Mandatory
	Board Resolution @@	Exempted *	Mandatory	Mandatory
Senior Management	List	Mandatory	Mandatory	Mandatory
(Whole Time Directors/ Partners/ Trustees/ etc.)	Proof of Identity	Exempted *	Exempted *	Entity declares* on letter head full name, nationality, date of birth or submits photo identity proof
	Proof of Address	Exempted *	Exempted *	Declaration on Letter Head *
	Photographs	Exempted	Exempted	Exempted *

KYC and AML Policy

Authorized Signatories	List and Signatures	Mandatory – list of Global Custodian signatories can be given in case of PoA to Global Custodian	Mandatory - list of Global Custodian signatories can be given in case of PoA to Global Custodian	Mandatory
	Proof of Identity	Exempted *	Exempted *	Mandatory
	Proof of Address	Exempted *	Exempted *	Declaration on Letter Head *
	Photographs	Exempted	Exempted	Exempted *
Ultimate Beneficial Owner (UBO)	List	Exempted *	Mandatory	Mandatory
	Proof of Identity	Exempted *	Exempted *	Mandatory
	Proof of Address	Exempted *	Exempted *	Declaration on Letter Head *
	Photographs	Exempted	Exempted	Exempted *
* Not required while opening the bank account. However, FPIs concerned may submit an undertaking that upon demand by Regulators/Law Enforcement Agencies the relative document/s would be submitted to the bank. @@ FPIs from certain jurisdictions where the practice of passing Board Resolution for the purpose of opening bank accounts etc. is not in vogue, may submit 'Power of Attorney granted to Global Custodian/Local Custodian in lieu of Board Resolution'				

Category	Eligible Foreign Investors
I.	Government and Government related foreign investors such as Foreign Central Banks, Governmental Agencies, Sovereign Wealth Funds, International/ Multilateral Organizations/ Agencies.
II.	a) Appropriately regulated broad based funds such as Mutual Funds, Investment Trusts, Insurance /Reinsurance Companies, Other Broad-Based Funds etc. b) Appropriately regulated entities such as Banks, Asset Management Companies, Investment Managers/ Advisors, Portfolio Managers etc. c) Broad based funds whose investment manager is appropriately regulated. d) University Funds and Pension Funds. e) University related Endowments already registered with SEBI as FII/Sub Account.
III.	All other eligible foreign investors investing in India under PIS route not eligible under Category I and II such as Endowments, Charitable Societies/Trust, Foundations, Corporate Bodies, Trusts, Individuals, Family Offices etc.