

Policy on "Know Your Customer"
&
Anti-Money Laundering Measures



(Approved at the Board meeting held on 30/06/2022 Resolution no.24)

(Amendment as on 07/10/2022 vide Board Resolution No.40)

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Amendment as on 11/03/2025 vide Board Resolution No. 49)

(Amendment as on 02/12/2025 vide Board Resolution No. 13)

In lines with the Know Your Customer (KYC) Direction, 2016 (Up to May 10, 2021)issued by Reserve Bank of India and Amendments thereon made in PML Act, 2002

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Revised Policy - Guidelines on Know Your Customer (KYC) norms (Updated up to May 10, 2021)

1. In terms of the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time by the Government of India as notified by the Government of India and Aadhaar and other Laws (amendment) Ordinance, 2019 as notified by the Government of India, Regulated Entities (REs) are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions. REs shall take steps to implement the provisions of the aforementioned Act, Rules and Ordinance, including operational instructions issued in pursuance of such amendment(s). The revised Master Direction is in accordance with the changes carried out in the PML Rules vide Gazette Notification GSR 538 (E) dated June 1, 2017 and thereafter and is subject to the final judgment of the Hon’ble Supreme Court in the case of Justice K.S. Puttaswamy (Retd.) & Anr. V. Union of India, W.P. (Civil) 494/2012 etc. (Aadhaar cases).

2. Accordingly, in exercise of the powers conferred by Sections 35A of the Banking Regulation Act, 1949, the Banking Regulation Act (AACS), 1949, read with Section 56 of the Act *ibid*, Rule 9(14) of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and all other laws enabling the Reserve Bank in this regard, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the Directions hereinafter specified. In line with the KYC Directions and amendments made thereon in PML act, 2002, Bank felt necessity of framing revised KYC & AML Policy of the Bank.

CHAPTER – I

Preliminary

1.1 Short Title and Commencement.

(a) These Policy shall be called the **Revised Policy - Guidelines on Know Your Customer (KYC) norms 2021**

(b) The objective of this Policy is to prevent the Bank from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities.

(c) KYC procedures will also enable the Bank to know/understand its customers and their financial dealings better which in turn help them manage their risks prudently.

(Amendment as on 02/12/2025 vide Board Resolution No. 13)

(Inserted vide amendment dated August 14, 2025)

(d) The Frequently Asked Questions (FAQs) on KYC may be accessed at the following link [Reserve Bank of India - Frequently Asked Questions \(rbi.org.in\)](https://www.rbi.org.in/FAQs).

(C) These policy shall come into effect on the day they are issue to branch.

1.2 Applicability

The provisions of these Directions shall apply to all branches and office of the Surat National Co-Operative Bank Limited.

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

- i. Where applicable laws and regulations prohibit implementation of these guidelines, the same shall be brought to the notice of the Reserve Bank of India. RBI may advise further necessary action by the RE including application of additional measures to be taken by the RE to manage the ML/TF risks.
- ii. In case there is a variance in KYC/AML standards prescribed by the Reserve Bank of India and the host country regulators, branches/ subsidiaries of REs are required to adopt the more stringent regulation of the two.
- iii. Branches/ subsidiaries of foreign incorporated banks may adopt the more stringent regulation of the two i.e., standards prescribed by the Reserve Bank of India and their home country regulators.

Provided that this rule shall not apply to 'small accounts' referred to in Section 23

1.3 Definitions

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

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

Sr. No.	Nomenclature	Definition
1	Aadhaar number <i>(Amended vide</i>	"Aadhaar number" shall have the meaning assigned to it in clause (a) of section 2 of Aadhaar (Targeted Delivery of Financial and Other Subsidies,

	<u>amendment dated January 9, 2020)</u>	Benefits and Services) Act, 2016 (18 of 2016).
2	Authentication <u>(Amended vide amendment dated May 29, 2019)</u>	“Authentication”, in the context of Aadhaar authentication, means the process as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.
3	Offline Verification <u>(Inserted vide amendment dated May 29, 2019)</u>	“Offline Verification”, as defined in the Aadhaar and Other Law (Amendment) Ordinance, 2019, means the process of verifying the identity of the Aadhaar number holder without authentication, through such offline modes as may be specified by the Aadhaar regulations.
4	“Act” and “Rules” (Amendment as on 26/03/2024 vide Board Resolution No. 32) <u>(Inserted vide amendment dated October 17, 2023)</u>	“Act” and “Rules” means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto. REs shall implement a CDD programme, having regard to the ML/TF risks identified and the size of business.
5	Beneficial Owner (BO) (Amendment as on 15/05/2023 vide Board Resolution No. 32) (Revised percentage of Beneficial Owern(BO) RBI Amendment (MD) dated 28th April, 2023) (Amendment as on 26/03/2024 vide Board Resolution No. 32) (Amendment as on 11/03/2025 vide Board Resolution No. 49) <u>(Inserted vide amendment dated October 17, 2023)</u>	a. Where the customer is a company , the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical persons, has/have a controlling ownership interest or who exercise control through other means. Explanation- For the purpose of this sub-clause- 1. “Controlling ownership interest” means ownership of/entitlement to more than 10 per cent of the shares or capital or profits of the company. 2. “Control” shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements. b. Where the customer is a partnership firm , the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 10 per cent of capital or profits of the partnership. c. Where the customer is an unincorporated association or body of individuals , the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 per cent of the property or capital or profits of the unincorporated association or body of individuals. Explanation: Term ‘body of individuals’ includes societies. Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official. d. Where the customer is a trust , the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries

		with 10 % or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.
6	Certified Copy of OVD (Inserted vide amendment dated May 29, 2019.)	<p>“Certified Copy of OVD” - Obtaining a certified copy by regulated entity shall mean comparing the copy of officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the regulated entity.</p> <p>Provided that in case of Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs), as defined in Foreign Exchange Management (Deposit) Regulations, 2016 {FEMA 5(R)}, alternatively, the original certified copy of OVD, certified by any one of the following, may be obtained:</p> <ul style="list-style-type: none"> • authorised officials of overseas branches of Scheduled Commercial Banks registered in India, • branches of overseas banks with whom Indian banks have relationships, • Notary Public abroad, • Court Magistrate, • Judge, • Indian Embassy/Consulate General in the country where the non-resident customer resides.
7	Central KYC Records Registry (CKYCR) (Amendment as on 11/03/2025 vide Board Resolution No. 49)	<p>“Central KYC Records Registry” (CKYCR) means an entity defined under Rule 2(1)(aa) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.</p> <ul style="list-style-type: none"> • CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)
8	Designated Director	<p>“Designated Director” means a person designated by the RE to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall include:</p> <ol style="list-style-type: none"> a. the Managing Director or a whole-time Director, duly authorized by the Board of Directors, if the RE is a company, b. the Managing Partner, if the RE is a partnership firm, c. the Proprietor, if the RE is a proprietorship concern, d. the Managing Trustee, if the RE is a trust, e. a person or individual, as the case may be, who controls and manages the affairs of the RE, if the RE is an unincorporated association or a body of individuals, and f. a person who holds the position of senior management or equivalent designated as a 'Designated Director' in respect of Cooperative Banks and Regional Rural Banks. <p>Bank is required to nominate a Director on their Boards as “Designated Director”, as per the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (Rules), to ensure overall compliance with the obligations under the Act and Rules. The name, designation and address of the Designated Director is to be communicated to the Director,</p>

		<p>Financial Intelligence Unit - India (FIU-IND). In no case, the Principal Officer shall be nominated as the 'Designated Director'.</p> <p><i>Explanation - For the purpose of this clause, the terms "Managing Director" and "Whole-time Director" shall have the meaning assigned to them in the Companies Act, 2013.</i></p>
9	Digital KYC <u>(Inserted vide amendment dated January 9, 2020.)</u>	"Digital KYC" means the capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the RE as per the provisions contained in the Act.
10	Digital Signature <u>(Inserted vide amendment dated January 9, 2020.)</u>	"Digital Signature" shall have the same meaning as assigned to it in clause (p) of subsection (1) of section (2) of the Information Technology Act, 2000 (21 of 2000)
11	Equivalent e-document <u>(Inserted vide amendment dated January 9, 2020.)</u>	"Equivalent e-document" means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.
12	Know Your Client (KYC) Identifier <u>(Inserted vide amendment dated January 9, 2020.)</u>	"Know Your Client (KYC) Identifier" means the unique number or code assigned to a customer by the Central KYC Records Registry.
13	Non-profit organisations	"Non-profit organisations" (NPO) means any entity or organisation that is registered as a trust or <i>a society under the Societies Registration Act, 1860 or any similar State legislation or a company registered under Section 8 of the Companies Act, 2013.</i>
14	Officially Valid Document <u>(Inserted vide Gazette Notification G.S.R. 108(E).)</u> <u>(Amended vide amendment dated January 9, 2020)</u>	<p>"Officially Valid Document" (OVD) means the</p> <ol style="list-style-type: none"> (1) Passport, (2) Driving Licence (3) Proof of possession of Aadhaar number, (4) Voter's Identity Card issued by the Election Commission of India (5) Job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address. <p>Provided that,</p> <p>a. where the customer submits his proof of possession of Aadhaar number as</p>

		<p>an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.</p> <p>b. where the OVD furnished by the customer does not have updated address, the following documents shall be deemed to be OVDs for the limited purpose of proof of address:-</p> <p>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);</p> <p>ii. property or Municipal tax receipt;</p> <p>iii. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;</p> <p>iv. letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation;</p> <p><u>c. the customer shall submit OVD with current address within a period of six months of submitting the documents specified at 'b' above</u></p> <p>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.</p> <p><i>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.</i></p>
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15	Offline verification <i>(Amended vide amendment dated January 9, 2020)</i>	“Offline verification” shall have the same meaning as assigned to it in clause (pa) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016)
16	Person	“Person” has the same meaning assigned in the Act and includes: a. an individual, b. a Hindu undivided family, c. a company, d. a firm, e. an association of persons or a body of individuals, whether incorporated or not, f. every artificial juridical person, not falling within any one of the above persons (a to e), and

		g. any agency, office or branch owned or controlled by any of the above persons (a to f).
17	Principal Officer (Amendment as on 26/03/2024 vide Board Resolution No. 32) <u>(Inserted vide amendment dated October 17, 2023)</u>	<p>“Principal Officer” means an officer at the management level nominated by the RE, responsible for furnishing information as per rule 8 of the Rules. <u>(Inserted vide amendment dated October 17, 2023)</u></p> <p>(a) The Principal Officer shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations.</p> <p>(b) The name, designation and address of the Principal Officer shall be communicated to the FIU-IND.</p>

18	Suspicious transaction	<p>“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:</p> <p>a. gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or</p> <p>b. appears to be made in circumstances of unusual or unjustified complexity; or</p> <p>c. appears to not have economic rationale or <i>bona-fide</i> purpose; or</p> <p>d. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.</p> <p><i>Explanation: Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organization or those who finance or are attempting to finance terrorism.</i></p>
19	Small Account	A ‘Small Account’ means a savings account which is opened in terms of sub-rule (5) of Rules 9 the PML Rules, 2005. Details of the operation of a small account and controls to be exercised for such account are specified in Section 6.3.
20	Transaction	<p>“Transaction” means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:</p> <p>a. opening of an account;</p> <p>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;</p> <p>c. the use of a safety deposit box or any other form of safe deposit;</p> <p>d. entering into any fiduciary relationship;</p> <p>e. any payment made or received, in whole or in part, for any contractual or other legal obligation; or</p> <p>f. establishing or creating a legal person or legal arrangement.</p>

21	Video based Customer Identification Process (V-CIP) <u>(Inserted vide amendment dated January 9, 2020.)</u>	“Video based Customer Identification Process (V-CIP)”: an alternate method of customer identification with facial recognition and customer due diligence by an authorised official of the RE by undertaking seamless, secure, live, informed-consent based audio-visual interaction with the customer to obtain identification information required for CDD purpose, and to ascertain the veracity of the information furnished by the customer through independent verification and maintaining audit trail of the process. Such processes complying with prescribed standards and procedures shall be treated on par with face-to-face CIP for the purpose of this Master Direction.
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(b) Terms bearing meaning assigned in this Directions, unless the context otherwise requires, shall bear the meanings assigned to them below:

1	Common Reporting Standards	“Common Reporting Standards” (CRS) means reporting standards set for implementation of multilateral agreement signed to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters.
2	Customer	“Customer” means a person who is engaged in a financial transaction or activity with a Regulated Entity (RE) and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
3	Walk-in Customer	“Walk-in Customer” means a person who does not have an account-based relationship with the RE, but undertakes transactions with the RE.
4	Customer Due Diligence (CDD) (Amendment as on 15/05/2023 vide Board Resolution No. 32) (Clarify that “Registration Certificate” & Non-Individual customers additional information/document Requirements: RBI Amendment (MD) dated 28 th April, 2023) (Amendment as on 26/03/2024 vide Board Resolution No. 32) .(Inserted vide amendment dated October 17, 2023) (Amendment as on 11/03/2025 vide Board Resolution No. 49)	“Customer Due Diligence (CDD)” means identifying and verifying the customer and the beneficial owner. <u>(Amended vide Gazette Notification G.S.R. 538(E) regarding PML Second amendment Rules dated June 1, 2017. Before amendment, it read as: “Customer Due Diligence (CDD)” means identifying and verifying the customer and the beneficial owner using</u> <u>reliable and independent sources of identification.</u> <u>(Inserted vide amendment dated October 17, 2023)</u> <u>Section 6.13</u> Provided that in case of a trust, the RE shall ensure that trustees disclose their status at the time of commencement of an account-based relationship or when carrying out transactions as specified in clauses (b), (e) and (f) of Section 13 of this MD. <u>(Inserted vide amendment dated October 17, 2023)</u> <u>Section 6.11</u> • <u>Customer Acceptance Policy</u>

5	<p>Customer identification (Amendment as on 15/05/2023 vide Board Resolution No. 32)</p> <p>(Additional verification facility provided by the issuing authority: RBI Amendment (MD) dated 28th April, 2023)</p>	<p>“Customer identification” means undertaking the process of CDD.</p>
6	FATCA	<p>“FATCA” means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.</p>
7	IGA	<p>“IGA” means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA.</p>
8	KYC Templates	<p>“KYC Templates” means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.</p>
9	Non-face-to-face customers	<p>“Non-face-to-face customers” means customers who open accounts without visiting the branch/offices of the REs or meeting the officials of REs.</p>
10	<p>On-going Due Diligence (Amendment as on 15/05/2023 vide Board Resolution No. 32)</p> <p>(Provision of risk categorization include geographical risk as well as transaction: RBI Amendment (MD) dated 28th April, 2023) (Amendment as on 11/03/2025 vide Board Resolution No. 49)</p>	<p>“On-going Due Diligence” means regular monitoring of transactions in accounts to ensure that they are consistent with the customers’ profile and source of funds.</p>
11	<p>Periodic Updation (Amendment as on 26/03/2024 vide Board Resolution No. 32) <u>(Inserted vide amendment dated October 17, 2023)</u></p>	<p>“Periodic Updation” means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank. Branches 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. <u>(Inserted vide amendment dated October 17, 2023) section 6.18</u></p>

	<p>(Amendment as on 11/03/2025 vide Board Resolution No. 49)</p> <p>(Amendment as on 02/12/2025 vide Board Resolution No. 13)</p>	<p><u>*Updation/Periodic Updation of KYC</u></p> <p><u>*Due Notices for Periodic Updation of KYC</u></p>
12	<p>Politically Exposed Persons (Amendment as on 26/03/2024 vide Board Resolution No. 32)</p> <p><u>(Inserted vide amendment dated October 17, 2023)</u></p>	<p>“Politically Exposed Persons” (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States/Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. REs 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:</p>
13	<p>Shell bank</p>	<p>“Shell bank” means a bank which is incorporated in a country where it has no physical presence and is unaffiliated to any regulated financial group.</p>

14	<p>Regulated Entities</p>	<p>“Regulated Entities” (REs) means a. all Scheduled Commercial Banks (SCBs)/ Regional Rural Banks (RRBs)/ Local Area Banks (LABs)/ All Primary (Urban) Co-operative Banks (UCBs) /State and Central Co-operative Banks (StCBs / CCBs) and any other entity which has been licenced under Section 22 of Banking Regulation Act, 1949, which as a group shall be referred as ‘banks’</p> <p>b. All India Financial Institutions (AIFIs)</p> <p>c. All Non-Banking Finance Companies (NBFCs), Miscellaneous Non-Banking Companies (MNBCs) and Residuary Non-Banking Companies (RNBCs).</p> <p>d. Asset Reconstruction Companies (ARCs)</p> <p>e All Payment System Providers (PSPs)/ System Participants (SPs) and Prepaid Payment Instrument Issuers (PPI Issuers)</p> <p>e. All authorised persons (APs) including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.</p>
15	<p>Wire transfer</p> <p>(Amendment as on 15/05/2023 vide Board Resolution No. 32)</p> <p>Inserted vide amendment dated May 4, 2023)</p>	<p>“Wire transfer” means a transaction carried out, directly or through a chain of transfers, on behalf of an originator person (both natural and legal) through a bank by electronic means with a view to making an amount of money available to a beneficiary person at a bank.</p>
16	<p>Domestic and cross-border wire transfer</p> <p>(Amendment as on</p>	<p>“Domestic and cross-border wire transfer”: When the originator bank and the beneficiary bank is the same person or different person located in the same country, such a transaction is a domestic wire transfer, and if the ‘originator bank’ or ‘beneficiary bank’ is located in different countries such</p>

	15/05/2023 vide Board Resolution No. 32) Inserted vide amendment dated May 4, 2023)	a transaction is cross-border wire transfer.
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(c) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1935, the Prevention of Money Laundering Act, 2002, the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and *regulations made thereunder* and 'Aadhaar and other Laws (amendment) Ordinance, 2019', any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be. [*Inserted vide amendment dated May 29, 2019*](#)

CHAPTER – II

General

2.1 There shall be a Know Your Customer (KYC) policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

In terms of PML Rules, groups are required to implement group-wide policies for the purpose of discharging obligations under the provisions of Chapter IV of the PML Act, 2002. (15 of 2003). Accordingly, every RE which is part of a group, shall implement group-wide programmes against money laundering and terror financing, including group-wide policies for sharing information required for the purposes of client due diligence and money laundering and terror finance risk management and such programmes shall include adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.

2.2 The KYC policy shall include following four key elements:

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

2.2.1 Money Laundering and Terrorist Financing Risk Assessment by REs:

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

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

(b) The risk assessment by the RE shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the RE. Further, the periodicity of risk assessment exercise shall be determined by the Board of the RE, in alignment with the outcome of the risk assessment exercise. However, it should be reviewed at least annually.

(c) The outcome of the exercise shall be put up to the Board or any committee of the Board to which power in this regard has been delegated, and should be available to competent authorities and self-regulating bodies.

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

(d) REs shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and should have Board approved policies, controls and procedures in this regard. REs shall implement a CDD

programme, having regard to the ML/TF risks identified and the size of business. Further, REs shall monitor the implementation of the controls and enhance them if necessary. [\(Inserted vide amendment dated April 20, 2020\)](#)

2.3 Compliance of KYC policy

(a) REs shall ensure compliance with KYC Policy through:

- (i) Specifying as to who constitute 'Senior Management' for the purpose of KYC compliance.
- (ii) Allocation of responsibility for effective implementation of policies and procedures.
- (iii) Independent evaluation of the compliance functions of REs' policies and procedures, including legal and regulatory requirements.
- (iv) Concurrent/Internal audit system to verify the compliance with KYC/AML policies and procedures.
- (v) Submission of quarterly audit notes and compliance to the Audit Committee.

(b) REs shall ensure that decision-making functions of determining compliance with KYC norms are not outsourced.

CHAPTER – III

Customer Acceptance Policy

3.1 At the time of establishment of initial relationship branch manager obtain comprehensive data and interview customer.

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

- (a) No account is opened in anonymous or fictitious/benami name.
- (b) No account is opened where the bank is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

[\(Inserted vide amendment dated October 17, 2023\)](#)

[The RE 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) 'Optional'/additional information, is obtained with the explicit consent of the customer after the account is opened.
- (f) CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of a RE desires to open another account [or avail any other product or service from the same RE](#), with the same RE, 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) Suitable system is put in place to ensure that the identity of the customer does not match with any person

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

(j) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority. [\(Inserted vide amendment dated January 9, 2020.\)](#)

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

Where GST number is available, the same shall be verified through the search/verification facility provided by the issuing authority.

[\(RBI Amended \(Master Direction\) vide amendment dated April 28th 2023\)](#)

(k) Where an equivalent e-document is obtained from the customer, RE shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000). [\(Inserted vide amendment dated January 9, 2020.\)](#)

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

CHAPTER – IV

Risk Management

4.1 For Risk Management, Bank shall have a risk based approach which includes the following.

(a) Customers shall be categorised as low, medium and high risk category, based on the assessment and risk perception of the Bank.

Risk categorisation shall be undertaken based on following parameters

- Customer's Identity
- Social/financial Status
- Nature of business activity and
- Information about the clients' business and their location etc.

While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.

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

Explanation: FATF Public Statement, the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), guidance note circulated to all cooperative banks by the RBI etc., may also be used in risk assessment.

(b) IBA has suggested some indicative parameters which can be used to determine the profile & risk category of a customer. The suggestion of IBA was as under-

- (i) Customer Constitution: Individual, proprietorship, partnership, private limited, etc.
- (ii) Business Segment: Retail, Corporate, etc.
- (iii) Country of Residence/Nationality: Whether India or overseas location/Indian or foreign national.
- (iv) Product Subscription: Salary Account, NRI products, etc.
- (v) Economic Profile: HNI, Public Limited Company etc.
- (vi) Account Status: Active, Inoperative, Dormant, etc.
- (vii) Presence in Regulatory Negative /PEP/Defaulter/Fraudster lists
- (viii) Suspicious Transaction Report (STR) filed for the customer
- (ix) AML alerts (Attached Annexure)

Further, IBA added that other parameters like source of funds, occupation, purpose of account opening, nature of business, mode of operation, credit rating, etc. can also be used in addition to the above

parameters. IBA advised the Banks to adopt all or majority of these parameters based on availability of the data.

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

(c) Section 12 has been amended to include the provision that, “Broad principles may be laid down by the REs for risk-categorisation of customers.” Bank’s shall adopt the indicative list of parameters for risk categorization that has been expanded to include geographical risk covering customers as well as transactions, type of products/services offered, delivery channel used for delivery of products/services, types of transaction undertaken, etc. Annexure to the circular on amendment to the MD on KYC 6 REs shall treat the risk categorization and reasons for risk categorization of customers as confidential.

(RBI Amended (Master Direction) vide amendment dated April 28th 2023)

4.2 Maintenance of Customers’ Risk Profile

(a) Branches/Offices should prepare a profile for each new customer based on risk categorisation. The customer profile should contain information relating to customer’s identity, social/financial status, nature of business activity, information about the clients’ business and their location etc. The nature and extent of due diligence will depend on the risk perceived by the Bank.

(b) Branches/Offices should categorize their customers into low, medium and high risk category based on their assessment and risk perception of the customers, identifying transactions that fall outside the regular pattern of activity and not merely based on any group or class they belong to. Broad guidelines on risk perception is given in **Appendix-I/II/III**.

The branches/offices are advised to go with the guidelines given in KYC Policy for risk categorization and ensure that the same are meticulously complied with to effectively help in combating money laundering activities. The nature and extent of due diligence, may be based on the following principles:

(i) Individuals and entities, whose identity and source of income, can be easily identified, and customers in whose accounts the transactions conform to the known profile, may be categorized as low risk.

Illustrative examples include salaried employees and pensioners, people

belonging to lower economic strata, government departments and government owned companies, regulators and statutory bodies, etc.

(ii) Customers who are likely to pose a higher than average risk should be categorized as medium or high risk depending on the background, nature and location of activity, country of origin, sources of funds, customer profile, etc. Customers requiring very high level of monitoring, e.g., those involved in cash intensive business, Politically Exposed Persons (PEPs) of foreign origin, may, if considered necessary, be categorised as high risk. The above guidelines for risk categorisation are indicative and branches/offices may use their own judgment in arriving at the categorisation for each account based on their own assessment and risk perception of the customers and not merely based on any group or class they belong to. Further clarifications on risk based assessment are given hereunder.

4.3 Management of Customer Risk Profile

As discussed in Point 4.2 branches/offices should maintain “Customer Risk Profile” both for new as well as existing customers. While full details about the customers can be available in the respective account opening form, additional information commensurate with the assessment of the money laundering risks should also be obtained through interview/discussion with the customer. Branch Manager/Officers should be vigilant when customers conduct banking transactions and determine realistically the transactions that are unusual and potentially fraudulent. Necessary steps to be taken as and when there is a suspicion in any transaction. Branch should send a report to higher authority for the transactions that are of suspicious nature.

All customer accounts (both existing and new) should be categorized into three levels as per risk perceived, viz.

i. Low Risk

ii. Medium Risk

iii. High Risk

(i) Low risk Customers:

- (ii) For the purpose of risk categorization, individuals (other than high net worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conforms to the known profile, may be categorized as low risk accounts.

Illustrative examples of Low Risk customers may include;

- Salaried employees whose salary structures are well defined
- Businessmen/Traders whose activities are well defined and transactions in the accounts commensurate with the business transactions.
- People belonging to lower economic strata of society and whose accounts show small balances and low turnover.
- Government departments & Government owned companies, regulators and statutory bodies etc.

Reserve Bank of India observed that of late, there has been an increase in instances of fictitious offers, where fraudsters are using RBI's corporate logo/name in their e-mail messages and also sometimes include the photograph of the Governor to convince the victims of the authenticity of the purported messages conveying lottery/prize winnings. The fraudsters persuade victims into making initial payment into a specified bank account towards charges for claiming the prize money. The victims invariably complain to RBI after they have lost money in such transactions. It was also observed by RBI from the responses received from banks in this regard that these transactions generally take place in **newly opened accounts of individuals/salary accounts, which are classified as low risk.**

In view of RBI directives, Bank has issued various advisories on website, warning public against falling prey to fictitious offers/ lottery winnings/ remittance of cheap funds in foreign currency from abroad by so-called foreign entities/individuals or to Indian residents acting as representatives of such entities/individuals.

Field functionaries are advised to adopt the following measures as part of the monitoring exercise:

a) Generally the fraudsters open and route transactions through

Salary/savings accounts categorized as low risk, by way of small deposits to evade detections. Branch should monitor operations in these low risk accounts for identifying "atypical transaction". The abnormal patterns in the range of transactions, salary accounts, newly opened accounts etc should be identified. The transactions that are deviating from the threshold limit/outside the normal transaction region should be probed into and resolved quickly.

b) Branches should closely monitor such accounts in the initial 3-6 months of their opening with threshold limit carefully calibrated to track transactions not in line with customer profile and ensure quick turnaround time in resolution of alerts.

c) Branch officials should clarify queries from customers regarding such lottery winnings where they have been advised to deposit money in specified accounts.

(ii) Medium Risk Customers:

Customers those are likely to pose a higher than average risk should be classified as Medium Risk. Customers particularly whose sources of fund are not clear and transaction exceeds the disclosed source of fund.

(iii) High Risk customers:

Customers that are likely to pose a higher than average risk should be categorized as High Risk depending upon customer's back ground, nature and location of activity, country of origin, source of funds and his client's profile.

Illustrative examples of High risk customers may include:

- In view of the risks involved in cash intensive business, accounts of bullion dealers (including sub-dealers) & jewellers should be categorized as High Risk.
- Those who are engaged in certain professions where money laundering possibilities are high e.g. Antique dealers (individuals and entities), Money Services Bureau (entities – non employees of these entities) and dealers in arms etc.
- Trust, Charities, N.G.Os and organizations receiving donations.
- Firms with 'sleeping partners'.
- Non face to face customers, and

The above examples are illustrative and not exhaustive. The Branch officials of the concerned branch, where suspicious activity/transaction is noticed, should verify the transactions depending upon the nature and circumstances, satisfy themselves whether the activity/ transactions in the account is to be reported as a suspicious nature or to be treated as a bonafide one. Accordingly, the account should be categorized as Low/Medium/High as deemed fit and be monitored suitably.

Preparation of customer's profile should be a continuous exercise. Customer's profile should be reviewed periodically. The bank has already put in place a system-based risk categorization of the accounts with periodical review.

(b) Risk categorisation shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.

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

Explanation: FATF Public Statement, the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), guidance note circulated to all cooperative banks by the RBI etc., may also be used in risk assessment.

Chapter V

Customer Identification Procedure (CIP)

5.1 Method to be follow in Customer Identification

Customer identification means undertaking client due diligence measures while commencing an account-based relationship including identifying and verifying the customer and the beneficial owner.

Bank shall undertake identification of customers in the following cases:

- (a) Commencement of an account-based relationship with the customer.
- (b) Carrying out any international money transfer operations for a person who is not an account holder of the bank.
- (c) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- (d) Selling third party products as agents, selling their own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for more than rupees fifty thousand.
- (e) Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.
- (f) When a bank 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.
- (g) Bank shall ensure that introduction is not to be sought while opening accounts.

5.2 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, Bank, shall at their option, rely on customer due diligence done by a third party, subject to the following conditions:

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

(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. *(Amended vide amendment dated May 29, 2019)*

(b) Adequate steps are taken by REs 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 RE.

Chapter VI

Customer due Diligence (CDD) Procedure

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

6.1 For undertaking CDD, Bank 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: *(Amended vide amendment dated January 9, 2020)*

(a) The Aadhaar number where,

i. he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or

he decides to submit his Aadhaar number voluntarily to a bank or any RE notified under first proviso to sub-section (1) of section 11A of the PML Act; or

(aa) the proof of possession of Aadhaar number where offline verification can be carried out; or

(ab) the proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; and

(b) The Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and

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

Provided that where the customer has submitted,

i) Aadhaar number under clause (a) above to a bank or to a RE notified under first proviso to sub-section (1) of section 11A of the PML Act, such bank or RE shall carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India. Further, in such a case, if customer wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect to the RE.

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

iii) An equivalent e-document of any OVD, the RE shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issues there under and take a live photo as specified under [Annex I](#) of Master Direction on KYC.

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

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

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

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

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

Explanation 3: The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act 2016, the Aadhaar and Other Law (Amendment) Ordinance, 2019 and the regulations made there under.

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

conditions:

- i. There must be a specific consent from the customer for authentication through OTP.
- ii. The aggregate balance of all the deposit accounts of the customer shall not exceed rupees one lakh. In case, the balance exceeds the threshold, the account shall cease to be operational, till CDD as mentioned at (v) below is complete.
- iii. The aggregate of all credits in a financial year, in all the deposit accounts taken together, shall not exceed rupees two lakh.
- iv. As regards borrower accounts, only term loans shall be sanctioned. The aggregate amount of term loans sanctioned shall not exceed rupees sixty thousand in a year.
- v. Accounts, both deposit and borrower, opened using OTP based e-KYC shall not be allowed for more than one year within which identification as per Section 6.1 is to be carried out.
- vi. If the CDD procedure as mentioned above is not completed within a year, in respect of deposit accounts, the same shall be closed immediately. In respect of borrower accounts no further debits shall be allowed.
- vii. A declaration shall be obtained from the customer to the effect that no other account has been opened nor will be opened using OTP based KYC in non-face-to-face mode with any other Bank. Further, while uploading KYC information to CKYCR, Bank shall clearly indicate that such accounts are opened using OTP based e-KYC and other Bank shall not open accounts based on the KYC information of accounts opened with OTP based e-KYC procedure in non-face-to-face mode. [*\(Amended vide amendment dated May 29, 2019.\)*](#)
- viii. Bank shall have strict monitoring procedures including systems to generate alerts in case of any non-compliance/violation, to ensure compliance with the above mentioned conditions.

6.3 REs may undertake V-CIP to carry out: [*\(Amended vide amendment dated May 10, 2021.\)*](#)

- i) CDD in case of new customer on-boarding for individual customers, proprietor in case of proprietorship firm, authorised signatories and Beneficial Owners (BOs) in case of Legal Entity (LE) customers.

Provided that in case of CDD of a proprietorship firm, REs shall also obtain the equivalent e-document of the activity proofs with respect to the proprietorship firm, as mentioned in Section 6.7, apart from undertaking CDD of the proprietor.

- ii) Conversion of existing accounts opened in non-face to face mode using Aadhaar OTP based e-KYC authentication as per Section 6.2.
- iii) Updation/Periodic updation of KYC for eligible customers.

REs opting to undertake V-CIP, shall adhere to the following minimum standards:

(a) V-CIP Infrastructure

- i) The RE should have complied with the RBI guidelines on minimum baseline cyber security and resilience framework for banks, as updated from time to time as well as other general guidelines on IT risks. The technology infrastructure should be housed in own premises of the RE and the V-CIP connection and interaction shall necessarily originate from its own secured network domain. Any technology related outsourcing for the process should be compliant with relevant RBI guidelines.
- ii) The RE shall ensure end-to-end encryption of data between customer device and the hosting point of the V-CIP application, as per appropriate encryption standards. The customer consent should be recorded in an auditable and alteration proof manner.

iii) The V-CIP infrastructure / application should be capable of preventing connection from IP addresses outside India or from spoofed IP addresses.

iv) The video recordings should contain the live GPS co-ordinates (geo-tagging) of the customer undertaking the V-CIP and date-time stamp. The quality of the live video in the V-CIP shall be adequate to allow identification of the customer beyond doubt.

v) The application shall have components with face liveness / spoof detection as well as face matching technology with high degree of accuracy, even though the ultimate responsibility of any customer identification rests with the RE. Appropriate artificial intelligence (AI) technology can be used to ensure that the V-CIP is robust.

vi) Based on experience of detected / attempted / 'near-miss' cases of forged identity, the technology infrastructure including application software as well as work flows shall be regularly upgraded. Any detected case of forged identity through V-CIP shall be reported as a cyber event under extant regulatory guidelines.

vii) The V-CIP infrastructure shall undergo necessary tests such as Vulnerability Assessment, Penetration testing and a Security Audit to ensure its robustness and end-to-end encryption capabilities. Any critical gap reported under this process shall be mitigated before rolling out its implementation. Such tests should be conducted by suitably accredited agencies as prescribed by RBI. Such tests should also be carried out periodically in conformance to internal / regulatory guidelines.

viii) The V-CIP application software and relevant APIs / web services shall also undergo appropriate testing of functional, performance, maintenance strength before being used in live environment. Only after closure of any critical gap found during such tests, the application should be rolled out. Such tests shall also be carried out periodically in conformity with internal/ regulatory guidelines.

(b) V-CIP Procedure

i) Each RE shall formulate a clear work flow and standard operating procedure for V-CIP and ensure adherence to it. The V-CIP process shall be operated only by officials of the RE specially trained for this purpose. The official should be capable to carry out liveness check and detect any other fraudulent manipulation or suspicious conduct of the customer and act upon it. **The liveness check shall not result in exclusion of person with special needs**

ii) If there is a disruption in the V-CIP procedure, the same should be aborted and a fresh session initiated.

iii) The sequence and/or type of questions, including those indicating the liveness of the interaction, during video interactions shall be varied in order to establish that the interactions are real-time and not pre-recorded.

iv) Any prompting, observed at end of customer shall lead to rejection of the account opening process.

v) The fact of the V-CIP customer being an existing or new customer, or if it relates to a case rejected earlier or if the name appearing in some negative list should be factored in at appropriate stage of work flow.

vi) The authorised official of the RE performing the V-CIP shall record audio-video as well as capture photograph of the customer present for identification and obtain the identification information using any one of the following:

OTP based Aadhaar e-KYC authentication

Offline Verification of Aadhaar for identification

KYC records downloaded from CKYCR, in accordance with Section 11.2, using the KYC identifier provided by the customer

Equivalent e-document of Officially Valid Documents (OVDs) including documents issued through Digilocker

RE shall ensure to redact or blackout the Aadhaar number in terms of Section 6.1

In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than 3 days from the date of carrying out V-CIP.

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

vii) If the address of the customer is different from that indicated in the OVD, suitable records of the current address shall be captured, as per the existing requirement. It shall be ensured that the economic and financial profile/information submitted by the customer is also confirmed from the customer undertaking the V-CIP in a suitable manner.

viii) RE shall capture a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority including through Digilocker.

ix) Use of printed copy of equivalent e-document including e-PAN is not valid for the V-CIP.

x) The authorised official of the RE shall ensure that photograph of the customer in the Aadhaar/OVD and PAN/e-PAN matches with the customer undertaking the V-CIP and the identification details in Aadhaar/OVD and PAN/e-PAN shall match with the details provided by the customer.

xi) Assisted V-CIP shall be permissible when banks take help of Banking Correspondents (BCs) facilitating the process only at the customer end. Banks shall maintain the details of the BC assisting the customer, where services of BCs are utilized. The ultimate responsibility for customer due diligence will be with the bank.

xii) All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process and its acceptability of the outcome.

xiii) All matters not specified under the paragraph but required under other statutes such as the Information Technology (IT) Act shall be appropriately complied with by the RE.

(c) V-CIP Records and Data Management

i) The entire data and recordings of V-CIP shall be stored in a system / systems located in India. REs shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp that affords easy historical data search. The extant instructions on record management, as stipulated in this MD, shall also be applicable for V-CIP.

ii) The activity log along with the credentials of the official performing the V-CIP shall be preserved.

6.4 Notwithstanding anything contained in Section 6.1 and as an alternative thereto, in case an individual who desires to open a bank account, banks shall open a 'Small Account', which entails the following limitations: [\(Amended vide amendment dated January 9, 2020\)](#)

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

Provided, that this limit on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements. [\(Inserted vide Gazette Notification G.S.R. 1038\(E\) regarding PML Third amendment Rules dated August 21, 2017.\)](#)

Further, small accounts are subject to the following conditions:

(a) The bank shall obtain a self-attested photograph from the customer.

(b) The designated officer of the bank certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence.

Provided that where the individual is a prisoner in a jail, the signature or thumb print shall be affixed in presence of the officer in-charge of the jail and the said officer shall certify the same under his signature and the account shall remain operational on annual submission of certificate of proof of address issued by the officer in-charge of the jail. [\(Inserted vide Gazette Notification G.S.R. 381\(E\) dated May 28, 2019.\)](#) [\(Update August 09, 2019\)](#)

(c) Such accounts are opened only at Core Banking Solution (CBS) linked branches or in a branch where it is possible to manually monitor and ensure that foreign remittances are not credited to the account.

(d) Banks shall ensure that the stipulated monthly and annual limits on aggregate of transactions and balance requirements in such accounts are not breached, before a transaction is allowed to take place.

(e) The account shall remain operational initially for a period of twelve months which can be extended for a further period of twelve months, provided the account holder applies and furnishes evidence of having applied for any of the OVDs during the first twelve months of the opening of the said account.

(f) The entire relaxation provisions shall be reviewed after twenty four months.

(g) Notwithstanding anything contained in clauses (e) and (f) above, the small account shall remain operational between April 1, 2020 and June 30, 2020 and such other periods as may be notified by the Central Government.

(h) The account shall be monitored and when there is suspicion of money laundering or financing of terrorism activities or other high risk scenarios, the identity of the customer shall be established as per Section 6.1.

(i) Foreign remittance shall not be allowed to be credited into the account unless the identity of the customer is fully established as per Section 6.1.

6.5 KYC verification once done by one branch/office of the RE shall be valid for transfer of the account to any other branch/office of the same RE, provided full KYC verification has already been done for the concerned account and the same is not due for periodic updation. [\(Amended vide Gazette Notification G.S.R. 538\(E\) regarding PML Second amendment Rules dated June 1, 2017. Deleted portion of Section 26 is as follows: "and a self-declaration from the account holder about his/her current address is obtained in such cases.\)](#)

Part II - CDD Measures for Sole Proprietary firms

6.6 For opening an account in the name of a sole proprietary firm, CDD of the individual (proprietor) shall be carried out. [\(Amended vide amendment dated May 29, 2019\)](#)

6.7 In addition to the above, any two of the following documents or the equivalent e-documents there of as a proof of business/ activity in the name of the proprietary firm shall also be obtained: [\(Amended vide amendment dated May 29, 2019\)](#)

(a) Registration certificate

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

Section 28 has been amended to clarify that “Registration certificate” as a proof of business/ activity in the name of the proprietary firm includes “Udyam Registration Certificate (URC) issued by the Government”.

[\(RBI Amended \(Master Direction\) vide amendment dated April 28th 2023\)](#)

(b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.

(c) Sales and income tax returns.

(d) CST/VAT/ GST certificate (provisional/final). [\(Inserted vide amendment dated April 20, 2018\)](#)

(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.

6.8 In cases where the branch are satisfied that it is not possible to furnish two such documents, Bank may, at their discretion, accept only one of those documents as proof of business/activity.

Provided branch 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.

[Deleted vide Board Resolution No. 40 dated 07/10/2022](#)

(6.9 Bank has adopt policy of not opening multiple CID on a single PANCARD. However, in case of proprietorship firm bank has allow to open multiple CID subject to proprietor’s CID in individual category and lest CID in legal entity category.)

Part III- CDD Measures for Legal Entities

6.9 CDD measures while account opening of company

For opening an account of a company, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained: [\(Amended vide amendment dated January 9, 2020\)](#)

(a) Certificate of incorporation (b) Memorandum and Articles of Association

(c) Permanent Account Number of the company [\(Inserted vide Gazette Notification G.S.R. 108\(E\).\)](#) [\(Inserted vide amendment dated May 29, 2019\)](#)

(d) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf

(e) Documents, as specified in Section 6.1, relating to beneficial owner, the managers, officers or employees, as the case may be, holding an attorney to transact on the company’s behalf [\(Amended vide Gazette Notification G.S.R. 108\(E\).\)](#) [\(Amended vide amendment dated January 9, 2020\)](#)

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

(f) The CDD measures pertaining to following categories of non-individual customers have been amended to include certain additional information / document requirements:

- (i) the names of the relevant persons holding senior management position; and
- (ii) the registered office and the principal place of its business, if it is different.

(RBI Amended (Master Direction) vide amendment dated April 28th 2023)

6.10 CDD measures while account opening of partnership firm

For opening an account of a partnership firm, the certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained: (Amended vide amendment dated January 9, 2020)

(a) Registration certificate

(b) Partnership deed

(c) Permanent Account Number of the partnership firm (Inserted vide Gazette Notification G.S.R. 108(E).)
(Inserted vide amendment dated May 29, 2019)

(d) Documents, as specified in Section 6.1, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf (Amended vide amendment dated January 9, 2020)

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

(e) The CDD measures pertaining to following categories of non-individual customers have been amended to include certain additional information / document requirements:

- (i) the names of all the partners; and
- (ii) address of the registered office, and the principal place of its business, if it is different.

(RBI Amended (Master Direction) vide amendment dated April 28th 2023)

6.11 CDD measures while account opening of trust

For opening an account of a trust, certified copies of each of the following documents shall be obtained: (Amended vide amendment dated January 9, 2020)

(a) Registration certificate

(b) Trust deed

(c) Permanent Account Number or Form No.60 of the trust (Inserted vide Gazette Notification G.S.R. 108(E).)
(Inserted vide amendment dated May 29, 2019)

(d) of the person relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf Documents, as specified in Section 6.1 (Amended vide amendment dated May 29, 2019)(Amended vide amendment dated January 9, 2020)

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

(e) The CDD measures pertaining to following categories of non-individual customers have been amended to include certain additional information / document requirements:

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

(i) the names of the beneficiaries, trustees, settler, Protector, if any and authors of the trust

(ii) the address of the registered office of the trust; and

(iii) list of trustees and documents, as specified in Section 16, for those discharging role as trustee and authorised to transact on behalf of the trust.

(RBI Amended (Master Direction) vide amendment dated April 28th 2023)

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

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

6.12 CDD measures while account opening of unincorporated association or body of individuals

For opening an account of an unincorporated association or a body of individuals, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained: [*\(Amended vide amendment dated January 9, 2020\)*](#)

(a) Resolution of the managing body of such association or body of individuals

(b) Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals [*\(Inserted vide Gazette Notification G.S.R. 108\(E\).\) \(Inserted vide amendment dated May 29, 2019\)*](#)

(c) Power of attorney granted to transact on its behalf

(d) Documents, as specified in Section 6.1, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and [*\(Amended vide amendment dated January 9, 2020\)*](#)

(e) Such information as may be required by the bank to collectively establish the legal existence of such an association or body of individuals.

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

Explanation: Term 'body of individuals' includes societies.

6.13 CDD measures while account opening of juridical persons not specifically covered in the earlier part

For opening accounts of juridical persons not specifically covered in the earlier part, such as societies, universities and local bodies like village panchayats, certified copies of the following documents *or the equivalent e-documents* thereof shall be obtained: [*\(Amended vide amendment dated January 9, 2020\)*](#)

(a) Document showing name of the person authorised to act on behalf of the entity;

(b) Documents, as specified in Section 6.1, of the person holding an attorney to transact on its behalf and

(c) Such documents as may be required by the Bank to establish the legal existence of such an entity/juridical person.

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

Explanation – The CDD, at the time of commencement of an account-based relationship or while carrying out occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations, shall include:

- a. Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable;
- b. Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;

- c. Determining whether a customer is acting on behalf of a beneficial owner, and identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner, using reliable and independent sources of identification.

Part IV - Identification of Beneficial Owner

6.14 Identification of Beneficial Owner (BO) while account opening

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 a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

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

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

(c) **The Threshold for “Controlling Ownership Interest” for the purpose of determination of Beneficial Owner (BO) has been revised to 10 percent for both companies and trusts from earlier thresholds of 25 percent and 15 percent, respectively.**

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

(d) Where the customer is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 10 percent of capital or profits of the partnership or who exercises control through other means.

(e) Explanation - For the purpose of this sub-clause, “control” shall include the right to control the management or policy decision.

Part V - On-going Due Diligence

6.15 Branches shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers’ business and risk profile; and the source of funds / Wealth.

6.16 Without prejudice to the generality of factors that call for close monitoring following types of transactions shall necessarily be monitored: (a) Large and complex transactions including RTGS transactions, and those with unusual patterns, inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose.

(b) Transactions which exceed the thresholds prescribed for specific categories of accounts.

(c) High account turnover inconsistent with the size of the balance maintained.

(d) Deposit of third party cheques, drafts, etc. in the existing and newly opened accounts followed by cash withdrawals for large amounts.

6.17 The extent of monitoring shall be aligned with the risk category of the customer.

(a) A system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.

(b) The transactions in accounts of marketing firms, especially accounts of Multi-level Marketing (MLM) Companies shall be closely monitored.

Explanation: High risk accounts have to be subjected to more intensified monitoring.

Explanation: Cases where a large number of cheque books are sought by the company and/or multiple small deposits (generally in cash) across the country in one bank account and/or where a large number of cheques are issued bearing similar amounts/dates, shall be immediately reported to Reserve Bank of India and other appropriate authorities such as FIU-IND.

6.18 Periodic Updation

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

REs shall adopt a risk-based approach for periodic updation of KYC ensuring that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high risk. However, periodic updation shall be carried out at least once in every two years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers from the date of opening of the account / last KYC updation. Policy in this regard shall be documented as part of REs' internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated. *(Amended vide amendment dated May 10, 2021)*

(Amendment as on 02/12/2025 vide Board Resolution No. 13)

(Inserted vide amendment dated June 12, 2025)

Notwithstanding the provisions given above, in respect of an individual customer who is categorized as low risk, the Bank 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 Bank 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) Individual Customers:

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

ii. Change in address: In case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from the customer through customer's email-id registered with the RE, customer's mobile number registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables etc.

Further, REs, at their option, may obtain a copy of OVD or deemed OVD, as defined in paragraph 3(a)(xiv), or the equivalent e-documents thereof, as defined in paragraph 3(a)(x), as defined in Section 3(a)(xiii), for the purpose of proof of address, declared by the customer at the time of periodic updation. Such requirement, however, shall be clearly specified by the REs in their internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

iii. Accounts of customers, who were minor at the time of opening account, on their becoming major: In

case of customers for whom account was opened when they were minor, fresh photographs shall be obtained on their becoming a major and at that time it shall be ensured that CDD documents as per the current CDD standards are available with the REs. Wherever required, REs may carry out fresh KYC of such customers i.e. customers for whom account was opened when they were minor, on their becoming a major.

iv. Aadhaar OTP based e-KYC in non-face to face mode may be used for ¹¹¹update/ periodic update. To clarify, conditions stipulated in paragraph 17 are not applicable in case of update/ periodic update of KYC through Aadhaar OTP based e-KYC in non-face to face mode.

Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. REs shall ensure that the mobile number for Aadhaar authentication is same as the one available with them in the customer's profile, in order to prevent any fraud.

b) Customers other than individuals:

i. No change in KYC information: In case of no change in the KYC information of the LE customer, a self-declaration in this regard shall be obtained from the LE customer through its email id registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter from an official authorized by the LE in this regard, board resolution etc. Further, REs 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, RE shall undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.

c) Additional measures: In addition to the above, REs 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 RE are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the RE has expired at the time of periodic update of KYC, RE shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.

ii. Customer's PAN details, if available with the RE, is verified from the database of the issuing authority at the time of periodic update 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 **update / periodic update**. Further, it shall be ensured that the information / documents obtained from the customers at the time of **update / periodic update** of KYC are promptly updated in the records / database of the REs and an intimation, mentioning the date of update of KYC details, is provided to the customer.

iv. In order to ensure customer convenience, REs may consider making available the facility of periodic update/**periodic update** of KYC at any branch, in terms of their internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

v. REs shall adopt a risk-based approach with respect to periodic update of KYC. Any additional and exceptional measures, which otherwise are not mandated under the above instructions, adopted by the REs such as requirement of obtaining recent photograph, requirement of physical presence of the customer, requirement of periodic update of KYC only in the branch of the RE where account is maintained, a more frequent periodicity of KYC update than the minimum specified periodicity etc., shall be clearly specified in the internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

The Bank shall advise the customers that in order to comply with the PML Rules, in case of any update in the documents submitted by the customer at the time of establishment of business relationship/ account-based relationship and thereafter, as necessary; customers shall submit to the Bank the update of such documents.

This shall be done within 30 days of the update to the documents for the purpose of updating the records at REs' end.

vi. REs shall ensure that their internal KYC policy and processes on updation / periodic updation of KYC are transparent and adverse actions against the customers should be avoided, unless warranted by specific regulatory requirements.

Due Notices for Periodic Updation of KYC

The Bank shall intimate its customers, in advance, to update their KYC. Prior to the due date of periodic updation of KYC, the Bank 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 Bank 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 the Bank system against each customer for audit trail.

6.19 In case of existing customers, Branches shall obtain the Permanent Account Number or equivalent e-document thereof or Form No.60, by such date as may be notified by the Central Government, failing which branches shall temporarily cease operations in the account till the time the Permanent Account Number or Form No. 60 is submitted by the customer. [\(Inserted vide Gazette Notification G.S.R. 108\(E\).\) \(Amended vide amendment dated January 9, 2020\)](#)

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

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

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

Part VI - Enhanced and Simplified Due Diligence Procedure

A. Enhanced Due Diligence

7.1 Accounts of non-face-to-face customers (other than Aadhaar OTP based on-boarding):

Branches shall ensure that the first payment is to be effected through the customer's KYC-complied account with another RE, for enhanced due diligence of non-face-to-face customers. [\(Amended vide amendment dated January 9, 2020\)](#)

7.2 Accounts of Politically Exposed Persons (PEPs)

[\(Amendment as on 26/03/2024 vide Board Resolution No. 32\)](#)
[\(Inserted vide amendment dated October 17, 2023\)](#)

A. branches 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) REs 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 REs for establishing the source of funds / wealth;

(c) Sufficient information including information about the sources of funds accounts of family members and close relatives is gathered on the PEP;

(d) The identity of the person shall have been verified before accepting the PEP as a customer;

(e) The decision to open an account for a PEP is taken at a senior level in accordance with the bank Customer Acceptance Policy;

(f) All such accounts are subjected to enhance monitoring on an on-going basis;

(g) 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;

(h) The CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable.

B. These instructions shall also be applicable to accounts where a PEP is the beneficial owner

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated Jan 04, 2024)

Explanation: For the purpose of this Section, "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.

7.3 Client accounts opened by professional intermediaries:

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

(a) Clients shall be identified when client account is opened by a professional intermediary on behalf of a single client.

(b) REs shall have option to hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds.

(c) REs shall not open accounts of such professional intermediaries who are bound by any client confidentiality that prohibits disclosure of the client details to the RE.

(d) All the beneficial owners shall be identified where funds held by the intermediaries are not co-mingled at the level of RE, and there are 'sub-accounts', each of them attributable to a beneficial owner, or where such funds are co-mingled at the level of RE, the RE shall look for the beneficial owners.

(e) REs shall, at their discretion, rely on the 'customer due diligence' (CDD) done by an intermediary, provided that the intermediary is a regulated and supervised entity and has adequate systems in place to comply with the KYC requirements of the customers.

(f) The ultimate responsibility for knowing the customer lies with the RE.

B. Simplified Due Diligence

7.4 Norms for Self Help Groups (SHGs) Simplified *(Amended vide amendment dated May 29, 2019)*

(a) CDD of all the members of SHG shall not be required while opening the savings bank account of the SHG.

(b) CDD of all the office bearers shall suffice.

(c) Customer Due Diligence (CDD) of all the members of SHG may be undertaken at the time of credit linking of SHGs. [Amended vide amendment dated April 01, 2021](#)

7.5 Procedure to be followed by banks while opening accounts of foreign students

(a) Banks shall, at their option, open a Non Resident Ordinary (NRO) bank account of a foreign student on the basis of his/her passport (with visa & immigration endorsement) bearing the proof of identity and address in the home country together with a photograph and a letter offering admission from the educational institution in India.

i. Provided that a declaration about the local address shall be obtained within a period of 30 days of opening the account and the said local address is verified.

ii. Provided further that pending the verification of address, the account shall be operated with a condition of allowing foreign remittances not exceeding USD 1,000 or equivalent into the account and a cap of rupees fifty thousand on aggregate in the same, during the 30-day period.

(b) The account shall be treated as a normal NRO account, and shall be operated in terms of Reserve Bank of India's instructions on Non-Resident Ordinary Rupee (NRO) Account, and the provisions of FEMA 1999.

(c) Students with Pakistani nationality shall require prior approval of the Reserve Bank for opening the account.

Chapter VII

Record Management

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

(a) Maintain all necessary records of transactions between the bank and the customer, both domestic and international, for at least five years from the date of transaction;

(b) Preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;

(c) Make available the identification records and transaction data to the competent authorities upon request;

(d) introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);

(e) Maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:

(i) The nature of the transactions;

(ii) The amount of the transaction and the currency in which it was denominated;

(iii) The date on which the transaction was conducted; and

(iv) The parties to the transaction.

(f) Evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;

(g) Maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

Chapter VIII

Reporting Requirements to Financial Intelligence Unit – India

9.1 Bank 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.

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

9.2 The reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports shall be taken note of. The editable electronic utilities to file electronic Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR) which FIU-IND has placed on its website shall be made use of by REs which are yet to install/adopt suitable technological tools for extracting CTR/STR from their live transaction data. The Principal Officers of those REs, whose all branches 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>.

9.3 While furnishing information to the Director, FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in the Rule shall be constituted as a separate violation. REs shall not put any restriction on operations in the accounts where an STR has been filed. REs shall keep the fact of furnishing of STR strictly confidential. It shall be ensured that there is no tipping off to the customer at any level.

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

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

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

[As per RBI Circular date March 21, 2016 vide no. RBI/ 2005-06 /330 UBD.BPD.Cir No.38/09.16.100/2005-06 for Prevention of Money Laundering Act, 2002 – Obligation of banks in terms of Rules notified thereunder – UCBs](#)

Maintenance of records of transactions

Banks should introduce a system of maintaining proper record of transactions prescribed under Rule 3, as mentioned below:

- (i) All cash transactions of the value may be prescribed
- (ii) All series of cash transactions integrally connected to each other which have been valued may be prescribed where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;
- (iii) All cash transactions where forged or counterfeit currency notes or bank Notes have been used as genuine and where any forgery of a valuable security Has taken place;

(iv) All suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

Information to be preserved

Banks are required to maintain the following information in respect of transactions referred to in Rule 3:

- (i) The nature of the transactions;
- (ii) The amount of the transaction and the currency in which it was denominated;
- (iii) The date on which the transaction was conducted; and
- (iv) The parties to the transaction
 - Accordingly, Banks are required to make the following reports to the FIU-IND:
 - Cash Transaction Reporting (CTR)
 - Counterfeit Currency Reporting (CCR)
 - Non-Profit Organization Transaction Report (NTR)
 - Suspicious Transaction Reporting (STR)

[With the amendments to Prevention of Money Laundering \(PML\) Rules, notified by the Government of India vide Notification no. 12 of 2013 dated August 27, 2013 and in terms of amended Rule 3](#), every reporting entity is now required to maintain the records of all transactions including the records of **all cross border wire transfers of more than Rs.5 lakh or its equivalent in foreign currency**, where either the origin or destination of the fund is in India, in addition to the reports mentioned above.

Hence Bank is required to ensure timely submission of the following statutory reports within the stipulated time frame to comply with the Bank’s obligation under PMLA:

Report Name	Cash Transaction Reporting (CTR)
Definition	<p>As per the PMLA rules, Bank is required to submit the details of:</p> <p>All cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency.</p> <p>All series of cash transactions <i>integrally connected</i> to each other, which have been valued below rupees ten lakh or its equivalent in foreign currency, where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh.</p> <p>The format for reporting of the above-mentioned cash transactions, known as Cash Transaction Report (CTR) has been provided by the RBI vide its circular dated February 15, 2006. This report is required to be filed on a monthly basis by 15th of the succeeding month.</p> <p>RBI vide circular dated July 02, 2008 has clarified that Cash transaction reporting by branches to their controlling offices should be submitted on monthly basis and not on fortnightly basis. While the circular provides both manual as well as electronic formats for submission of CTR, banks have been advised to initiate urgent steps to ensure electronic filing of CTR.</p>
Data Structure	<p>The FIU-IND has provided an excel based utility at its website www.fiuindia.gov.in for generation of CTR in electronic form. After following the steps instructed by FIU-IND therein, the said utility automatically generates a set of 6 files for onward reporting to FIUIND. Banks are required to incorporate the BSR code in the Branch file of the CTR and this is also necessary as part of the format to be incorporated in the CBAACC, CBAINP and CBALPE for cross referencing. In case BSR is not available in case of new branches, banks may use a unique code other than BSR for the branch so that it is possible to identify records across the CTR files.</p>
Source of Tracking/capturing	<p>Bank has put a system in place in which CTR files are generated by our AML software within the 10th of the succeeding month, submit it to the Head Office AML & KYC</p>

of data	Cell who in turn will upload it in the FINNET portal within 15th of the succeeding month.
Reporting	15th of the succeeding Month
Filing of 'Nil' CTR / NTR	<p>As per December 19, 2014, FIU-India guideline “</p> <p>There is an obligation on the 'Reporting Entity' to file CTR / NTR with FIU-IND under provisions of Sec 12(1)(b) of PMLA, 2002 read with Rule 3(A), 3(B) ,3(BA) and 8(1) of PML (Maintenance of Records) Rules. Although there is no specific requirement to file NIL reports, the matter has been reviewed in light of requests from some REs (Banks) that record of filing 'Nil' reports helps them during Regulatory / Internal audits. It is felt that this will also help FIU / Regulators in compliance monitoring. It has therefore been decided that a 'banking company' defined under Sec 2(e) of PMLA, 2002 is also required to file 'Nil' CTR / NTR henceforth with immediate effect. It may please be noted that the filing of 'Nil' CTR / NTR is restricted only to 'banking company' as stated above and all the other 'reporting entities' which do not substantially deal in cash transactions are exempt from filing of 'Nil' CTR / NTR, if they have nothing to report. This issues with the approval of Director, FIU-IND.”</p>

Illustration of Integrally connected cash transaction

The following transactions have taken place in a branch during the month of April, 2008:

Date	Mode	Dr. (In Rs.)	Cr. (In Rs.)	Balance (In Rs.) BG – 8,00,00
02/04/2008	Cash	5,00,000	3,00,000	6,00,000
07/04/2008	Cash	40,000	2,00,000	7,60,000
08/04/2008	Cash	4,70,000	1,00,000	3,90,000
Monthly summation		10,10,000	6,00,000	

i) As per above clarification, the debit transactions in the above example are integrally connected cash transactions because total cash debits during the calendar month exceeds Rs. 10 lakhs. However, the bank should report only the debit transaction taken place on 02/04 & 08/04/2008. The debit transaction dated 07/04/2008 should not be separately reported by the bank, which is less than Rs.50,000/-.

ii) All the credit transactions in the above example would not be treated as integrally connected, as the sum total of the credit transactions during the month does not exceed Rs.10 lakh and hence credit transaction dated 02, 07 & 08/04/2008 should not be reported by banks.

Name of The Report	Counterfeit Currency Reporting (CCR)
Definition	The PMLA Rule 3(1)(C) read with rule 8 requires the reporting of all cash transactions where forged or counterfeit Indian currency notes have been used as genuine. The RBI vide Master circular dated April 01, 2012 provided the format in which the CCR needs to be reported to the FIU-IND. The said report is required to be filed not later than seven working days from the date of occurrence of such transactions.

Data Structure	Bank is required to enter data centrally on counterfeit currency into a separate utility provided by FIU-IND for same. This utility is available on FIU-IND website. After following steps instructed by FIU-IND therein, this utility automatically generates a set of 3 files for onward reporting to FIU-IND.
Source of Tracking/capturing of data	For enabling CCR reporting bank have put in place a mechanism such that information on counterfeit currency flows to Head Office AML & KYC Cell from currency chest, branches, zones, FGMs and Head Office Security Department who looks after the Currency chests operation for onward submission to FIU-IND in FINNET portal through the principal officer.
Reporting	The report files generated by our Head Office AML & KYC Cell submitted/uploaded to FIU-IND through FINNET portal.
Stipulated Time-frame for reporting	15th of the succeeding Month

Branch shall follow guideline as per [Master Circular issue as on date April 01, 2022 for dictation and impounding of counterfeit notes.](#)

Name of The Report	Non-Profit Organization Transaction Report (NTR)
Definition	The report of all transactions, whether cash or transfer, involving receipts by non-profit organizations of value more than Rs.10 lakhs or its equivalent in foreign currency should be submitted every month to the Director, FIU-IND by 15th of the succeeding month in the prescribed format. <i>Explanation: Government of India Notification dated November 12, 2009- Rule 2 sub-rule (1) clause (ca) defines Non-Profit Organization (NPO). NPO means any entity or organisation that is registered as a trust or a society under the Societies Registration Act, 1860 or any similar State legislation or a company registered under section 25 of the Companies Act, 1956.</i>
Data Structure	The FIU-IND has provided an excel based utility at its website www.fiuindia.gov.in for generation of NTR in electronic form. After following the steps instructed by FIU-IND therein, the said utility automatically generates a set of 6 files for onward reporting to FIU-IND.
Source of Tracking/capturing of data	Bank has put a system in place in which NTR files are generated by our AML software within the 10th of the succeeding month; submit it to the Head Office AML & KYC Cell who in turn will upload it in the FINNET portal within 15th of the succeeding month.
Reporting	The report files generated by our AML system are submitted to Head Office AML & KYC Cell for onward submission to FIU-IND through FINNET portal.
Stipulated Time-frame for reporting	15th of the succeeding Month
Filing of 'Nil' CTR / NTR	As per December 19, 2014, FIU-India guideline "There is an obligation on the 'Reporting Entity' to file CTR / NTR with FIU-IND under provisions of Sec 12(1)(b) of PMLA, 2002 read with Rule 3(A), 3(B) ,3(BA) and 8(1) of PML (Maintenance of Records) Rules. Although there is no specific requirement to file NIL reports, the matter has been reviewed in light of requests from some REs (Banks) that

	record of filing 'Nil' reports helps them during Regulatory / Internal audits. It is felt that this will also help FIU / Regulators in compliance monitoring. It has therefore been decided that a 'banking company' defined under Sec 2(e) of PMLA, 2002 is also required to file 'Nil' CTR / NTR henceforth with immediate effect. It may please be noted that the filing of 'Nil' CTR / NTR is restricted only to 'banking company' as stated above and all the other 'reporting entities' which do not substantially deal in cash transactions are exempt from filing of 'Nil' CTR / NTR, if they have nothing to report. This issues with the approval of Director, FIU-IND."
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Name of The Report	Suspicious Transaction Report (STR)
Definition	The PMLA Rule 3(1)(D) read with rule 8 requires the reporting of all suspicious transactions whether or not made in cash. RBI circular No RBI/ 2005-06 /330 UBD.BPD.Cir No.38 /09.16.100/2005-06, dated March 21, 2006 requires that the Suspicious Transaction Report (STR) should be furnished within 7 days of arriving at a conclusion that any transaction, is of suspicious nature. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion once a suspicious transaction report is received from a branch or any other office. The said circular also provides the format of the STR.
Data Structure	FIU-IND has provided a utility at its website for generation of STRs in electronic formats. On following the steps as instructed by FIU-IND herein, the said utility automatically generates a set of files for onward reporting to FIU-IND.
Source of Tracking/capturing of Data	<p>Online Transaction Monitoring: Bank is using different scenarios to identify "Suspicious Transaction" for reporting to Financial Intelligence Unit, Government of India (FIU-IND). These alert indicators are base on para meter set by our system, some of them are: - Transaction monitoring alert (e.g. unusually large transactions, increase in transaction volumes etc.), Common typologies of money laundering, financing of terrorism or other crimes (e.g. Structuring of cash deposits etc.).</p> <p>STR alerts on daily basis for the transactions that trigger these scenarios. The alerts are pushed to the user ids of officers of the branch. They, in turn go through the alerts, screen them and arrive at a conclusion whether to file the STR or to close the alert.</p> <p>RBI circular No RBI/2008-2009/86 UBD. CO. BPD.(PCB) No.1/12.05.001/ 2008-09 dated July 2, 2008 has advised banks that in case a transaction is abandoned/ aborted by customers on being asked to give some details or provide documents, it should report all attempted transactions in STRs even if not completed by customers irrespective of the amount of transaction. The identification of such suspicious transactions is more likely to be related with following sources.</p> <p>In order to fulfil obligations under PMLA, 2002, Bank has to report these suspicious transactions to FIU-IND. Branches / Controlling Offices would report</p>

	such identified/attempted transactions to Head Office, Principal Officer, by providing detail of the incident through covering letter with explanation and documentation to review the case for reporting under STR.
Verification	All the KYC documents of the suspicious accounts are called for from the concerned Branch for verification of KYC compliance before reporting to FIU-IND
Reporting	All the alerts generated based on the scenarios defined in the AML system would be screened centrally at Head Office and if found suspicious would be reported as STR in desirable cases to FIU-IND after obtaining confirmation from Principal Officer.
Stipulated Time-frame for reporting	Suspicious Transaction Report (STR) should be furnished within 7 days of arriving at a conclusion that any transaction, is of suspicious nature.
Some important guidelines on submission of STR	<p>While determining suspicious transactions, branches/offices should be guided by the definition of suspicious transaction as contained in PMLA Rules as amended from time to time.</p> <p>It is likely that in some cases transactions are abandoned/aborted by customers on being asked to give some details or to provide documents. It is clarified that branches/offices should report all such attempted transactions in STRs through their respective Head office, even if not completed by the customers, irrespective of the amount of the transaction.</p> <p>Branches/Offices should make STRs if they have reasonable ground to believe that the transaction involves proceeds of crime irrespective of the amount of the transaction and/or the threshold limit envisaged for predicate offences in part B of Schedule of PMLA, 2002.</p> <p>The Suspicious Transaction Report (STR) is required to be furnished to FIU-IND by the Principal Officer of the Bank within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious.</p> <p>It should be ensured that there is no undue delay in arriving at such a conclusion once a suspicious transaction report is received from a branch or any other office. Such report should be made available to the competent authorities on request.</p> <p>However, it should be carefully noted that Branches should not put any restrictions on operations in the accounts where an STR has been made. Moreover, branches should keep the fact of furnishing of STR strictly confidential, as required under PML Rules. It should also be ensured that there is no tipping off to the customer at any level.</p>

Chapter IX

Requirements/obligations under International Agreements

Communications from International Agencies –

10.1 Bank shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967, 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:

(a) The “**ISIL (Da’esh) & Al-Qaida Sanctions List**”, which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at RBI.

<https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/sl/en/al-qaida-r.xsl>

(f) The “**1988 Sanctions List**”, consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the Taliban which is available at

<https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/sl/en/taliban-r.xsl>.

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

The bank 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 REs for meticulous compliance.

(RBI Amended (Master Direction) vide amendment dated April 28th 2023)

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

Vide Section 52, REs have been mandated that Bank’s shall adopt 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 by way 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.

(RBI Amended (Master Direction) vide amendment dated April 28th 2023)

10.2 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 as required under UAPA notification dated February 2, 2021](#).

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

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

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

(a) ¹²⁵The bank shall ensure meticulous compliance with the “Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005” laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated September 1, 2023, by the Ministry of Finance, Government of India ([Annex III](#) of this Master Direction).

(b) In accordance with paragraph 3 of the aforementioned Order, the bank 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, the bank 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) ¹²⁶In case of match in the above cases, the bank 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) The bank may refer to the designated list, as amended from time to time, available on the portal of FIU-India.

(f) In case there are reasons to believe beyond doubt that funds or assets held by a customer would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A of the WMD Act, 2005, 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 the bank from the CNO, the bank 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 the bank along with full details of the asset frozen, as given by the applicant, to the CNO by email, FAX and by post, within two working days.

53. The bank 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.

53A. ¹²⁷In addition to the above, the bank 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.

(RBI Amended (Master Direction) vide amendment dated April 28th 2023)

10.4 Freezing of Assets under Section 51A of Unlawful Activities (Prevention) Act, 1967

The procedure laid down in the [UAPA Order dated February 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 Ministry of Home Affairs. [\(Amended vide amendment dated March 23, 2021\)](#)

[\(Amendment as on 26/03/2024 vide Board Resolution No. 32\)](#)

[\(Inserted vide amendment dated October 17, 2023\)](#)

The Bank 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.

10.5 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. Risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statement shall be taken into account.

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

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

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

Explanation: The process referred to in Section 55 a & b do not preclude REs from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statement.

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

Chapter X

Other Instructions

11.1 Secrecy Obligations and Sharing of Information: *(Amended vide amendment dated May 29, 2019)*

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

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

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

(d) The exceptions to the said rule shall be as under:

- i. Where disclosure is under compulsion of law
- ii. Where there is a duty to the public to disclose,
- iii. the interest of bank requires disclosure and

iv. Where the disclosure is made with the express or implied consent of the customer.

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

Compliance with the provisions of Foreign Contribution (Regulation) Act, 2010

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

11.2 CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)

Bank shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as required by the revised KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be. 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](#).

The 'live run' of the CKYCR would start with effect from July 15, 2016 in phased manner beginning with new 'individual accounts'. Accordingly, Bank shall take the following steps:

(i) Bank shall upload the KYC data pertaining to all new individual accounts opened on or after from April 1, 2017 with CERSAI in terms of the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

(ii) Operational Guidelines for uploading the KYC data have been released by CERSAI. Further, 'Test Environment' has also been made available by CERSAI for the use of Bank.

(a) Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015.

(b) In terms of provision of Rule 9(1A) of PML Rules, the REs shall capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.

(c) Operational Guidelines for uploading the KYC data have been released by CERSAI.

(d) REs 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'. Accordingly, Scheduled Commercial Banks (SCBs) are required to invariably upload the KYC data pertaining to all new individual accounts opened on or after January 1, 2017, with CKYCR. SCBs were initially allowed time up-to February 1, 2017, for uploading data in respect of accounts opened during January 2017. REs other than SCBs were required to start uploading the KYC data pertaining to all new individual accounts opened on or after from April 1, 2017, with CKYCR in terms of the provisions of the Rules *ibid*.

(f) REs shall upload KYC records pertaining to accounts of LEs opened on or after April 1, 2021, with CKYCR in terms of the provisions of the Rules *ibid*. The KYC records have to be uploaded as per the LE Template released by CERSAI.

(g) Once KYC Identifier is generated by CKYCR, 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, REs 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](#) Section 38 of this Direction, or earlier, when the updated KYC information is obtained/received from the customer.

[Also, whenever the RE 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 RE 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 customer.](#)

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

(i) REs shall ensure that during periodic updation, the customers are migrated to the current CDD standard.

(j) Where a customer, for the purposes of establishing an account based relationship, updation/ periodic updation or for verification of identity of a customer, the RE 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—

submits a KYC Identifier to a RE, with an explicit consent to download records from CKYCR, then such RE shall retrieve the KYC records online from the CKYCR using the KYC Identifier and the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless –

(i) there is a change in the information of the customer as existing in the records of CKYCR; 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 RE 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. (Amended vide amendment dated December 18, 2020)

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

Under FATCA and CRS, REs 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: REs 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. updated [Guidance Note](#) on FATCA and CRS

ii. a [press release](#) on 'Closure of Financial Accounts' under Rule 114H (8).

11.4 Period for presenting payment instruments

Payment of cheques/drafts/pay orders/banker's cheques, if they are presented beyond the period of three months from the date of such instruments, shall not be made.

11.5 Operation of Bank Accounts & Money Mules

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

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

11.6 Collection of Account Payee Cheques

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

11.7 (a) A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with individual customers as also the existing customers by banks.

(b) The banks shall, at their option, not issue UCIC to all walk-in/occasional customers such as buyers of pre-paid instruments/purchasers of third party products provided it is ensured that there is adequate mechanism to identify such walk-in customers who have frequent transactions with them and ensure that they are allotted UCIC.

11.8 Introduction of New Technologies – Credit Cards/Debit Cards/ Smart Cards/Gift Cards/Mobile Wallet/ Net Banking/ Mobile Banking/RTGS/ NEFT/ECS/IMPS etc.

Adequate attention shall be paid by REs to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and it shall be ensured that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. Agents used for marketing of credit cards shall also be subjected to due diligence and KYC measures.

11.9 Correspondent Banks

Banks shall have a policy approved by their Boards, or by a committee headed by the Chairman/CEO/MD to lay down parameters for approving correspondent banking relationships subject to the following conditions:

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

(a) Banks shall gather sufficient information about a respondent bank to understand fully the nature of the respondent bank's business and to determine from publicly available information the reputation of the respondent bank and the quality of supervision, including whether it has been subjected to a ML/TF investigation or regulatory action. Banks shall assess the respondent bank's AML/CFT controls.

(b) The information gathered in relation to the nature of business of the respondent bank shall include information on management, major business activities, purpose of opening the account, identity of any

third-party entities that will use the correspondent banking services, regulatory/supervisory framework in the respondent bank's home country among other relevant information.

(c) Sufficient information in relation to the nature of business of the bank including information on management, major business activities, level of AML/CFT compliance, purpose of opening the account, identity of any third party entities that will use the correspondent banking services, and regulatory/supervisory framework in the bank's home country shall be gathered.

(d) Post facto approval of the Board at its next meeting shall be obtained for the proposals approved by the Committee.

(e) The responsibilities of each bank with whom correspondent banking relationship is established shall be clearly documented.

(f) In the case of payable-through-accounts, the correspondent bank shall be satisfied that the respondent bank has verified the identity of the customers having direct access to the accounts of the correspondent bank and is undertaking on-going 'due diligence' on them.

(g) The correspondent bank shall ensure that the respondent bank is able to provide the relevant customer identification data immediately on request.

(h) Correspondent relationship shall not be entered into or continued with a shell bank.

(i) It shall be ensured that the respondent correspondent banks do not permit their accounts to be used by shell banks.

(j) Banks shall be cautious of correspondent banking relationships with institutions located in jurisdictions which have strategic deficiencies or have not made sufficient progress in implementation of FATF Recommendations.

(k) Banks shall ensure that respondent banks have KYC/AML policies and procedures in place and apply enhanced 'due diligence' procedures for transactions carried out through the correspondent accounts.

(l) Banks shall clearly document and understand the respective AML/CFT responsibilities of institutions involved.

11.10 Wire transfer

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

(Amended vide amendment dated May 4, 2023)

Wire transfer" related definitions:

(a) Batch transfer: Batch transfer is a transfer comprised of a number of individual wire transfers that are being sent to the same financial institutions but may/may not be ultimately intended for different persons.

(b) Beneficiary: Beneficiary refers to a natural or legal person or legal arrangement who / which is identified by the originator as the receiver of the requested wire transfer.

(c) Beneficiary the bank:: It refers to a financial institution, regulated by the RBI, which receives the wire transfer from the ordering financial institution directly or through an intermediary RE and makes the funds available to the beneficiary.

(d) Cover Payment: Cover Payment refers to a wire transfer that combines a payment message sent directly by the ordering financial institution to the beneficiary financial institution with the routing of the funding instruction (the cover) from the ordering financial institution to the beneficiary financial institution through one or more intermediary financial institutions.

(e) Cross-border wire transfer: Cross-border wire transfer refers to any wire transfer where the ordering financial institution and beneficiary financial institution are located in different countries. This term also refers

to any chain of wire transfer in which at least one of the financial institutions involved is located in a different country.

(f) Domestic wire transfer: Domestic wire transfer refers to any wire transfer where the ordering financial institution and beneficiary financial institution are located in India. This term, therefore, refers to any chain of wire transfer that takes place entirely within the borders of India, even though the system used to transfer the payment message may be located in another country.

(g) Financial Institution: In the context of wire-transfer instructions, the term 'Financial Institution' shall have the same meaning as has been ascribed to it in the FATF Recommendations, as revised from time to time.

(h) Intermediary the bank: Intermediary RE refers to a financial institution or any other entity, regulated by the RBI which handles an intermediary element of the wire transfer, in a serial or cover payment chain and that receives and transmits a wire transfer on behalf of the ordering financial institution and the beneficiary financial institution, or another intermediary financial institution.

(i) Ordering the bank: Ordering RE refers to the financial institution, regulated by the RBI, which initiates the wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the originator.

(j) Originator: Originator refers to the account holder who allows the wire transfer from that account, or where there is no account, the natural or legal person that places the order with the ordering financial institution to perform the wire transfer.

(k) Serial Payment: Serial Payment refers to a direct sequential chain of payment where the wire transfer and accompanying payment message travel together from the ordering financial institution to the beneficiary financial institution directly or through one or more intermediary financial institutions (e.g., correspondent banks).

(l) Straight-through Processing: Straight-through processing refers to payment transactions that are conducted electronically without the need for manual intervention.

(m) Unique transaction reference number: Unique transaction reference number refers to a combination of letters, numbers or symbols, determined by the payment service provider, in accordance with the protocols of the payment and settlement system or messaging system used for the wire transfer.

(n) Wire transfer: Wire transfer refers to any transaction carried out on behalf of an originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary at a beneficiary financial institution, irrespective of whether the originator and the beneficiary are the same person.

The bank shall ensure the following while effecting wire transfer:

(a) All cross-border wire transfers including transactions using credit or debit card shall be accompanied by accurate and meaningful originator information such as name, address and account number or a unique reference number, as prevalent in the country concerned in the absence of account.

Exception: Interbank transfers and settlements where both the originator and beneficiary are banks or financial institutions shall be exempt from the above requirements.

(b) Domestic wire transfers of rupees fifty thousand and above shall be accompanied by originator information such as name, address and account number.

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

(Amended vide amendment dated May 4, 2023)

A. Information requirements for wire transfers for the purpose of this Master Direction:

i. All cross-border wire transfers shall be accompanied by accurate, complete, and meaningful originator and beneficiary information as mentioned below:

(a) name of the originator;

(b) the originator account number where such an account is used to process the transaction;

(c) the originator's address, or national identity number, or customer identification number, or date and place of birth;

(d) name of the beneficiary; and

(e) the beneficiary account number where such an account is used to process the transaction.

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

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

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

iv. ¹⁴¹Domestic wire transfers of rupees fifty thousand and above, where the originator is not an account holder of the ordering the bank, shall also be accompanied by originator and beneficiary information as indicated for cross-border wire transfers.

(Amendment as on 26/03/2024 vide Board Resolution No. 32)

(Inserted vide amendment dated October 17, 2023)

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

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

(Amendment as on 15/05/2023 vide Board Resolution No. 32)

(Amended vide amendment dated May 4, 2023)

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

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

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

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

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

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

i. Ordering the bank:

(a) The ordering bank shall ensure that all cross-border and qualifying domestic wire transfers {viz., transactions as per clauses (iii) and (iv) of paragraph 'A' above}, contain required and accurate originator information and required beneficiary information, as indicated above.

(b) Customer Identification shall be made if a customer, who is not an account holder of the ordering bank, is intentionally structuring domestic wire transfers below rupees fifty thousand to avoid reporting or monitoring. In case of non-cooperation from the customer, efforts shall be made to establish identity and if the same transaction is found to be suspicious, STR may be filed with FIU-IND in accordance with the PML Rules.

(c) Ordering bank shall not execute the wire transfer if it is not able to comply with the requirements stipulated in this section.

ii. Intermediary bank:

(a) The bank processing an intermediary element of a chain of wire transfers shall ensure that all originator and beneficiary information accompanying a wire transfer is retained with the transfer.

(b) Where technical limitations prevent the required originator or beneficiary information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer, the intermediary bank shall keep a record, for at least five years, of all the information received from the ordering financial institution or another intermediary bank.

(c) Intermediary bank shall take reasonable measures to identify cross-border wire transfers that lack required originator information or required beneficiary information. Such measures should be consistent with straight-through processing.

(d) Intermediary bank shall have effective risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action including seeking further information and if the transaction is found to be suspicious, reporting to FIU-IND in accordance with the PML Rules.

iii. Beneficiary bank:

(a) Beneficiary bank shall take reasonable measures, including post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers and qualifying domestic wire transfers {viz., transactions as per clauses (iii) and (iv) of paragraph 'A' above}, that lack required originator information or required beneficiary information.

(b) Beneficiary bank shall have effective risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action including seeking further information and if the transaction is found to be suspicious, reporting to FIU-IND in accordance with the PML Rules.

iv. ¹⁴³Money Transfer Service Scheme (MTSS) providers and other bank, are required to comply with all of the relevant requirements of this Section, whether they are providing services directly or through their agents. The bank that control both the ordering and the beneficiary side of a wire transfer shall:

(c) take into account all the information from both the ordering and beneficiary sides in order to determine whether an STR has to be filed; and

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

C. Other Obligations

i. Obligations in respect of the bank engagement or involvement with unregulated entities in the process of wire transfer

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

(i) there is unhindered flow of complete wire transfer information, as mandated under these directions, from and through the unregulated entities involved;

(ii) the agreement / arrangement, if any, with such unregulated entities by the bank clearly stipulates the obligations under wire transfer instructions; and

(iii) a termination clause is available in their agreement / arrangement, if any, with such entities so that in case the unregulated entities are unable to support the wire information requirements, the agreement / arrangement can be terminated. Existing agreements / arrangements, if any, with such entities shall be reviewed within three months to ensure aforementioned requirements.

ii. The bank responsibility while undertaking cross-border wire transfer with respect to name screening (such that they do not process cross-border transactions of designated persons and entities)

The bank is prohibited from conducting transactions with designated persons and entities and accordingly, in addition to compliance with Chapter IX of the Master Direction, the bank shall ensure that they do not process cross-border transactions of designated persons and entities.

iii. The bank responsibility to fulfil record management requirements

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

(c) Customer Identification shall be made if a customer is intentionally structuring wire transfer below rupees fifty thousand to avoid reporting or monitoring. In case of non-cooperation from the customer, efforts shall be made to establish his identity and STR shall be made to FIU-IND.

(d) Complete originator information relating to qualifying wire transfers shall be preserved at least for a period of five years by the ordering bank.

(e) A bank processing as an intermediary element of a chain of wire transfers shall ensure that all originator information accompanying a wire transfer is retained with the transfer.

(f) The receiving intermediary bank shall transfer full originator information accompanying a cross-border wire transfer and preserve the same for at least five years if the same cannot be sent with a related domestic wire transfer, due to technical limitations.

(g) All the information on the originator of wire transfers shall be immediately made available to appropriate law enforcement and/or prosecutorial authorities on receiving such requests.

(h) Effective risk-based procedures to identify wire transfers lacking complete originator information shall be in place at a beneficiary bank.

(i) Beneficiary bank shall report transaction lacking complete originator information to FIU-IND as a suspicious transaction.

(j) The beneficiary bank shall seek detailed information of the fund remitter with the ordering bank and if the ordering bank fails to furnish information on the remitter, the beneficiary shall consider restricting or terminating its business relationship with the ordering bank.

11.11 Issue and Payment of Demand Drafts, etc.,

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

Further, the name of the purchaser shall be incorporated on the face of the demand draft, pay order, banker's cheque, etc., by the issuing bank. These instructions shall take effect for such instruments issued on or after September 15, 2018. ([As per RBI circular date July 12, 2018 vide no. RBI/2018-19/14 DBR.AML.BC.No.210/14.01.001/2018-19](#))

11.12 Quoting of PAN ([Amended vide amendment dated January 9, 2020](#))

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.

(a) Further, Reserve Bank of India vide Notification No. [RBI/2016-17/183 DBR.AML.BC.48/14.01.01/ 2016-17 dated December 15, 2016](#) has advised to refer the following provisions of the Master Direction on Know Your Customer (KYC) while reviewing the compliance of the directions :-

(i) Section 8(d) and (e), wherein it is mentioned that concurrent/internal audit system of the Regulated Entities (REs) has to verify the compliance with KYC/AML policies and procedures and submit quarterly audit notes and compliance to the Audit Committee,

(ii) Section 6.4, wherein instructions on operation of 'Small Accounts' are given, and

(iii) Section 11.12, wherein it is advised that the Permanent account number (PAN) of customers shall be obtained and verified while undertaking transactions as per the provisions of Income Tax (I.T.) Rule 114B applicable to banks, as amended from time to time. Form 60 shall be obtained from persons who do not have PAN.

(b) It is clarified that in terms of I.T. Rule 114 B, transactions include opening of accounts with the Bank. In order to ensure strict compliance with the above provisions, the Bank has been advised by RBI as under-

(i) Bank should strictly comply with the extant instructions stipulated at Section 8(d) and (e) of the Master Direction;

(ii) In respect of 'Small Accounts', the prescribed limits/conditions shall not be breached and compliance therewith shall be strictly monitored. If any customer desires to have operations beyond the stipulated limits, the same shall be allowed only after complying with requirements for opening a normal account including completion of CDD/KYC procedures detailed in Sections 6.1/6.2 and provisions of Section 11.12 of the circular which include quoting of PAN/Form 60 while opening an account with the bank. If any account is rendered ineligible for being classified as a small account due to credits/balance in the account exceeding the permissible limits, withdrawals may be allowed within the limit prescribed for small accounts where the limits thereof have not been breached.

(iii) BSBD Accounts (PMJDY accounts are akin to BSBDAs), which are not KYC compliant accounts are to be treated as 'Small Accounts' and are subjected to the limitations applicable to such accounts. Hence, for allowing normal operations in such accounts, the procedures explained at

(ii) Above are to be complied with. If any account is rendered ineligible for being classified as a small account due to credits/balance in the account exceeding the permissible limits, withdrawals may be allowed within the limit prescribed for small accounts where the limits thereof have not been breached.

It is clarified that provisions of Section 11.12 of the circular are subject to the exemptions granted to Government, Consular office etc., as provided in Income Tax Rule 114B.

11.13 Selling Third party products

Bank 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 Section 13(e) of this Directions.

(b) Transaction details of sale of third party products and related records shall be maintained as prescribed in Chapter VII Section 46.

(c) AML software capable of capturing, generating and analysing alerts for the purpose of filing CTR/STR in respect of transactions relating to third party products with customers including walk-in customers shall be available.

(d) Transactions involving rupees fifty thousand and above shall be undertaken only by:

- 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 REs' 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.

11.14 At-par cheque facility availed by co-operative banks

(a) The 'at par' cheque facility offered by commercial banks to co-operative banks shall be monitored and

such arrangements be reviewed to assess the risks including credit risk and reputational risk arising there from.

(b) The right to verify the records maintained by the customer cooperative banks/ societies for compliance with the extant instructions on KYC and AML under such arrangements shall be retained by banks.

(c) Cooperative Banks shall:

i. ensure that the 'at par' cheque facility is utilised only:

a. for their own use,

b. for their account-holders who are KYC compliant, provided that all transactions of rupees fifty thousand or more are strictly by debit to the customers' accounts,

c. for walk-in customers against cash for less than rupees fifty thousand per individual.

ii. Maintain the following:

a. records pertaining to issuance of 'at par' cheques covering, inter alia, applicant's name and account number, beneficiary's details and date of issuance of the 'at par' cheque,

b. sufficient balances/drawing arrangements with the commercial bank extending such facility for purpose of honouring such instruments.

iii. Ensure that 'At par' cheques issued are crossed 'account payee' irrespective of the amount involved.

11.15 Issuance of Prepaid Payment Instruments (PPIs):

PPI issuers shall ensure that the instructions issued by Department of Payment and Settlement System of Reserve Bank of India through their Master Direction are strictly adhered to.

11.16 Hiring of Employees and Employee training

(a) Adequate screening mechanism as an integral part of their personnel recruitment/hiring process shall be put in place.

(b) On-going employee training programme shall be put in place so that the members of staff are adequately trained. 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 policies of the Bank, regulation and related issues shall be ensured.

Chapter XI

Repeal Provisions /Other Provisions

12.1 With the issue of these policy, the instructions / guidelines contained in the circulars which are issue earlier, issued by the Bank stand repealed.

All approvals / acknowledgements given under the above circulars shall be deemed as given under these directions. All the repealed circulars are deemed to have been in force prior to the coming into effect of these directions.

12.2 Our bank has established an effective KYC programme by approving appropriate systems and procedures. It covers proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility is explicitly allocated within the bank for ensuring that the bank's policies and procedures are implemented effectively. Bank has devised procedures for creating risk profiles of existing and new customers, assess risk in dealing with various occupation,. Bank's policies are in place for effectively managing and mitigating risks adopting a risk-based approach.

Internal audit and compliance functions have an important role in evaluating and ensuring adherence to the KYC policies and procedures. As a general rule, the compliance function should provide an independent evaluation of the bank's own policies and procedures.

Concurrent/Internal Auditors should 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 is put up before the Audit Committee of the Board on quarterly intervals.

12.3 Roles & responsibilities of bank's officers & staff:

Bank officers/employees will conduct themselves in accordance with the highest ethical standards and in accordance with the extant regulatory requirements and laws. They should not knowingly provide advice or other assistance to individuals who are indulging in laundering activities.

Bank officers/employees who suspect any sort of money-laundering activities in course of banking business should refer the matter to appropriate authority immediately.

Failure to adhere to KYC / Money Laundering policies / procedures may subject bank employees to appropriate disciplinary action or such penal actions and penalties that may be stipulated under any law or regulatory directive.

12.4 Duties/ responsibilities of officers/staff:

The following duties/responsibilities arising to the officers/ staff out of the KYC guidelines.

Staff/Officer/Branch Manager vested with the authority to open new accounts

- To interview the potential customers intending to open account.
- To verify the introductory reference/ customer profile.
- To arrive at threshold limit for each account and to exercise due diligence in identifying suspicious transactions.
- To ensure not to open account in the names of terrorist/banned organisations.
- To comply with the guidelines issued by the Bank from time to time in respect of opening and conduct of account.

Branch Manager

- To scrutinize and satisfy himself the information furnished in the Account opening form/ customer Profile/ threshold limit are in strict compliance with KYC Guidelines before authorizing Opening of account.
- To ensure that Customer Due Diligence (CDD)/Enhanced Due Diligence (EDD) has been carried out while opening of account.
- To ensure reporting of STRs based on off-line alert parameters in deserving cases.

12.5 Evaluation of KYC Guidelines by Internal Audit and Inspection System:

The Concurrent Auditor of the branches and Inspecting Officials while conducting audit / inspection of the branches / offices should verify compliance of the KYC guidelines and prevention of money laundering at branches and report the cases of deviations, if any, in the report.

12.6 These policy strictly confidential and exclusive property of bank and should not be used/distributed to any external or outsider public/party without specified written permission of CEO/Board of Director. Any violation may invite penalty/staff accountability as deemed fit by CEO/Board of Director.

Annexure I

Digital KYC Process

[\(Inserted vide amendment dated January 9, 2020\)](#)

A. The Bank shall develop an application for digital KYC process which shall be made available at customer touch points for undertaking KYC of their customers and the KYC process shall be undertaken only through this authenticated application of the Bank.

B. The access of the Application shall be controlled by the Bank and it should be ensured that the same is not used by unauthorized persons. The Application shall be accessed only through login-id and password or Live OTP or Time OTP controlled mechanism given by bank to its authorized officials. C. The customer, for the purpose of KYC, shall visit the location of the authorized official of the bank or vice-versa. The original OVD shall be in possession of the customer.

D. The Bank must ensure that the Live photograph of the customer is taken by the authorized officer and the same photograph is embedded in the Customer Application Form (CAF). Further, the system Application of the RE 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.

E. The Application of the bank shall have the feature that only live photograph of the customer is captured and no printed or video-graphed photograph of the customer is captured. The background behind the customer while capturing live photograph should be of white colour and no other person shall come into the frame while capturing the live photograph of the customer.

F. Similarly, the live photograph of the original OVD or proof of possession of Aadhaar where offline verification cannot be carried out (placed horizontally), shall be captured vertically from above and water-marking in readable form as mentioned above shall be done. No skew or tilt in the mobile device shall be there while capturing the live photograph of the original documents.

G. The live photograph of the customer and his original documents shall be captured in proper light so that they are clearly readable and identifiable.

H. Thereafter, all the entries in the CAF shall be filled as per the documents and information furnished by the customer. In those documents where Quick Response (QR) code is available, such details can be auto-populated by scanning the QR code instead of manual filing the details. For example, in case of physical Aadhaar/e-Aadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address can be auto-populated by scanning the QR available on Aadhaar/e-Aadhaar.

I. Once the above mentioned process is completed, a One Time Password (OTP) message containing the text that 'Please verify the details filled in form before sharing OTP' shall be sent to customer's own mobile number. Upon successful validation of the OTP, it will be treated as customer signature on CAF. However, if the customer does not have his/her own mobile number, then mobile number of his/her family/relatives/known persons may be used for this purpose and be clearly mentioned in CAF. In any case, the mobile number of authorized officer registered with the bank shall not be used for customer signature. The bank must check that the mobile number used in customer signature shall not be the mobile number of the authorized officer.

J. The authorized officer shall provide a declaration about the capturing of the live photograph of customer and the original document. For this purpose, the authorized official shall be verified with One Time Password (OTP) which will be sent to his mobile number registered with the RE. Upon successful OTP validation, it shall be treated as authorized officer's signature on the declaration. The live photograph of the authorized official shall also be captured in this authorized officer's declaration.

K. Subsequent to all these activities, the Application shall give information about the completion of the process and submission of activation request to activation officer of the bank, and also generate the

transaction-id/reference-id number of the process. The authorized officer shall intimate the details regarding transaction-id/reference-id number to customer for future reference.

L. The authorized officer of the RE 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.;

M. On Successful verification, the CAF shall be digitally signed by authorized officer of the RE 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.

Annex II

File No. 14014/01/2019/CFT
Government of India
Ministry of Home Affairs
CTCR Division

North Block, New Delhi.

Dated: the 2nd February, 2021

(Amended vide corrigendum dated March 15, 2023)

(Amended vide corrigendum dated August 29, 2023)

(Amended vide corrigendum dated April 22, 2024)

ORDER

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

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

"51A. For the prevention of, and for coping with terrorist activities, the Central 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.

3.4 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.

3.5 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.

3.6 The Financial Regulators shall forward the consolidated list of UAPA Nodal Officers to the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies.

3.7 The Regulators of the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs shall forward the consolidated list of UAPA Nodal Officers to the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs.

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

4.1 The Ministry of External Affairs shall update the list of individuals and entities subject to the UN sanction measures whenever changes are made in the lists by the UNSC 1267 Committee pertaining to Al Qaida and Da'esh and the UNSC 1988 Committee pertaining to Taliban. On such revisions, the Ministry of External Affairs would electronically forward the changes without delay to the designated Nodal Officers in the Ministry of Corporate Affairs, CBIC, Financial Regulators, FIU-IND, CTCR Division and Foreigners Division in MHA.

4.2 The Financial Regulators shall forward the list of designated persons as mentioned in Para 4(i) above, without delay to the banks, stock exchanges/ depositories, intermediaries regulated by SEBI and insurance companies.

4.3 The Central [designated] Nodal Officer for the UAPA shall forward the designated list as mentioned in Para 4(i) above, to all the UAPA Nodal Officers of States/UTs without delay.

4.4 The UAPA Nodal Officer in Foreigners Division of MHA shall forward the designated list as mentioned in Para 4(i) above, to the immigration authorities and security agencies without delay.

4.5 The Regulators of the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs shall forward the list of designated persons as mentioned in Para 4(i) above, to the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs without delay.

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

5.1 The Financial Regulators will issue necessary guidelines to banks, stock exchanges/depositories, intermediaries regulated by the SEBI and insurance companies requiring them -

(i) To maintain updated designated lists in electronic form and run a check on the given parameters on a daily basis to verify whether individuals or entities listed in the Schedule to the Order, hereinafter, referred to as designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of bank accounts, stocks, Insurance policies etc., with them.

(ii) In case, the particulars of any of their customers match with the particulars of designated individuals/entities, the banks, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companies shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or Insurance policies etc., held by such customer on their books to the Central [designated] Nodal Officer for the UAPA, at Fax No.011-23092551 and also convey over telephone No. 011-23092548. The particulars apart from being sent by post shall necessarily be conveyed on email id: jsctcr-mha@gov.in.

(iii) The banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies shall also send a copy of the communication mentioned in 5.1 (ii) above to the UAPA Nodal Officer of the State/UT where the account is held and to Regulators and FIU-IND, as the case may be, without delay.

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

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

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

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

economic resources or related services available for the benefit of the designated individuals/ entities or any other person engaged in or suspected to be engaged in terrorism. The Central [designated] Nodal Officer for the UAPA shall also forward a copy of the order to all Directors General of Police/ Commissioners of Police of all States/UTs for initiating action under the provisions of the Unlawful Activities (Prevention) Act, 1967.

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

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

6.1 The Central [designated] Nodal Officer for the UAPA shall electronically forward the designated list to the UAPA Nodal Officers of all States and UTs with request to have the names of the designated individuals/entities, on the given parameters, verified from the records of the office of the Registrar performing the work of registration of immovable properties in their respective jurisdiction, without delay.

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

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

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

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

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

6.6 Further, the UAPA Nodal Officer of the State/UT shall cause to monitor the transactions/ accounts of the designated individual/entity so as to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism. The UAPA Nodal Officer of the State/UT shall, upon becoming aware of any transactions and attempts by third party immediately bring to the notice of the DGP/Commissioner of Police of the State/UT for initiating action under the provisions of the Unlawful Activities (Prevention) Act, 1967.

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

(i) The Designated Non-Financial Businesses and Professions (DNFBPs), inter alia, include casinos, real estate agents, dealers in precious metals/stones (DPMS), lawyers/notaries, accountants, company service providers and societies/ firms and non-profit organizations. The list of designated entities/individuals should be circulated to all DNFBPs by the concerned Regulators without delay.

(a) The DNFBPs are required to ensure that if any designated individual/entity approaches them for a transaction or relationship or attempts to undertake such transactions, the dealer should not carry out such transactions and, without delay, inform the UAPA Nodal officer of the State/UT with details of the funds/assets held and the details of the transaction, who in turn would follow the same procedure as in para 6.2 to 6.6 above. Further, if the dealers hold any assets or funds of the designated individual/entity, either directly or indirectly, they shall freeze the same without delay and inform the UAPA Nodal officer of the State/UT.

(ii) The CBIC shall advise the dealers of precious metals/stones (DPMS) that if any designated individual/entity approaches them for sale/purchase of precious metals/stones or attempts to undertake such transactions the dealer should not carry out such transaction and without delay inform the CBIC, who in turn follow the similar procedure as laid down in the paragraphs 6.2 to 6.5 above.

(iii) The UAPA Nodal Officer of the State/UT shall advise the Registrar of Societies/ Firms/ non-profit organizations that if any designated individual/ entity is a shareholder/ member/ partner/ director/ settler/ trustee/ beneficiary/ beneficial owner of any society/ partnership firm/ trust/ non-profit organization, then the Registrar should inform the UAPA Nodal Officer of the State/UT without delay, who will, in turn, follow the procedure as laid down in the paragraphs 6.2 to 6.5 above. The Registrar should also be advised that no societies/ firms/ non-profit organizations should be allowed to be registered, if any of the designated individual/ entity is a director/ partner/ office bearer/ trustee/ settler/ beneficiary or beneficial owner of such juridical person and in case such request is received, then the Registrar shall inform the UAPA Nodal Officer of the concerned State/UT without delay, who will, in turn, follow the procedure laid down in the paragraphs 6.2 to 6.5 above.

(iv) The UAPA Nodal Officer of the State/UT shall also advise appropriate department of the State/UT, administering the operations relating to Casinos, to ensure that the designated individuals/ entities should not be allowed to own or have beneficial ownership in any Casino operation. Further, if any designated individual/ entity visits or participates in any game in the Casino and/ or if any assets of such designated individual/ entity is with the Casino operator, and of the particulars of any client matches with the particulars of designated individuals/ entities, the Casino owner shall inform the UAPA Nodal Officer of the State/UT without delay, who shall in turn follow the procedure laid down in paragraph 6.2 to 6.5 above.

(v) The Ministry of Corporate Affairs shall issue an appropriate order to the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India (ICSI) requesting them to sensitize their respective members to the provisions of Section 51A of UAPA, so that if any designated individual/entity approaches them, for entering/ investing in the financial sector and/or immovable property, or they are holding or managing any assets/ resources of Designated individual/ entities, then the member shall convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.

(vi) The members of these institutes should also be sensitized that if they have arranged for or have been approached for incorporation/ formation/ registration of any company, limited liability firm, partnership firm, society, trust, association where any of designated individual/ entity is a director/ shareholder/ member of a

company/ society/ association or partner in a firm or settler/ trustee or beneficiary of a trust or a beneficial owner of a juridical person, then the member of the institute should not incorporate/ form/ register such juridical person and should convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.

(vii) In addition, the member of the ICSI be sensitized that if he/she is Company Secretary or is holding any managerial position where any of designated individual/ entity is a Director and/or Shareholder or having beneficial ownership of any such juridical person then the member should convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.

(viii) The Registrar of Companies (ROC) may be advised that in case any designated individual/ entity is a shareholder/ director/ whole time director in any company registered with ROC or beneficial owner of such company, then the ROC should convey the complete details of such designated individual/ entity, as per the procedure mentioned in paragraph 8 to 10 above. This procedure shall also be followed in case of any designated individual/ entity being a partner of Limited Liabilities Partnership Firms registered with ROC or beneficial owner of such firms. Further the ROC may be advised that no company or limited liability Partnership firm shall be allowed to be registered if any of the designated individual/ entity is the Director/ Promoter/ Partner or beneficial owner of such company or firm and in case such a request received the ROC should inform the UAPA Nodal Officer in the Ministry of Corporate Affairs who in turn shall follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.

(ix) Any person, either directly or indirectly, holding any funds or other assets of designated individuals or entities, shall, without delay and without prior notice, cause to freeze any transaction in relation to such funds or assets, by immediately informing the nearest Police Station, which shall, in turn, inform the concerned UAPA Nodal Officer of the State/UT along with the details of the funds/assets held. The concerned UAPA Nodal Officer of the State/UT, would follow the same procedure as in para 6.2 to 6.6 above.

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

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

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

8.3 The Central [designated] Nodal Officer for the UAPA shall cause the request to be examined without delay, so as to satisfy itself that on the basis of applicable legal principles, the requested designation is

supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the Nodal Officers in Regulators, FIU-IND and to the Nodal Officers of the States/UTs. The proposed designee, as mentioned above would be treated as designated individuals/entities.

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

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

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

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

(a) necessary for basic expenses, including payments for foodstuff, rent or mortgage, medicines and medical treatment, taxes, insurance premiums and public utility charges, or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services or fees or service charges for routine holding or maintenance of frozen funds or other financial assets or economic resources, after notification by the MEA of the intention to authorize, where appropriate, access to such funds, assets or resources and in the absence of a negative decision within 48 hours of such notification;

(b) necessary for extraordinary expenses, provided that such determination has been notified by the MEA;

10.2. The addition may be allowed to accounts of the designated individuals/ entities subject to the provisions of paragraph 10 of:

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

(b) payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of resolutions 1267 (1999), 1333 (2000), or 1390 (2002),

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

10.3 (a): The designated individual or organization may submit a request to the Central [Designated] Nodal Officer for UAPA under the provisions of Para 10.1 above. The Central [Designated] Nodal Officer for UAPA may be approached by post at "Additional Secretary (CTCR), North Block, New Delhi – 110001" or through email to jsctcr-mha@gov.in"

(b): The Central [Designated] Nodal Officer for UAPA shall examine such requests, in consultation with the Law Enforcement Agencies and other Security Agencies and Intelligence Agencies and, if accepted, communicate the same, if applicable, to the Ministry of External Affairs, Government of India for notifying the committee established pursuant to UNSC Resolution 1267 (1999) of the intention to authorize, access to such funds, assets or resources in terms of Para 10.1 above.

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

11.1 Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, they shall move

an application giving the requisite evidence, in writing, to the concerned bank, stock exchanges/ depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the UAPA Nodal Officers of State/UT.

11.2 The banks, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the State/ UT Nodal Officers shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the Central [designated] Nodal Officer for the UAPA as per the contact details given in Paragraph 3.1 above, within two working days.

11.3 The Central [designated] Nodal Officer for the UAPA shall cause such verification, as may be required on the basis of the evidence furnished by the individual/entity, and, if satisfied, he/she shall pass an order, without delay, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under intimation to the concerned bank, stock exchanges/depositories, intermediaries regulated by SEBI, insurance company, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the UAPA Nodal Officer of State/UT. However, if it is not possible for any reason to pass an Order unfreezing the assets within 5 working days, the Central [designated] Nodal Officer for the UAPA shall inform the applicant expeditiously.

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.

14. Communication of the Order issued under Section 51A of Unlawful Activities (Prevention) Act, 1967: The order issued under Section 51A of the Unlawful Activities (Prevention) Act, 1967 by the Central [designated] Nodal Officer for the UAPA relating to funds, financial assets or economic resources or related services, shall be communicated to all the UAPA nodal officers in the country, the Regulators of Financial Services, FIU-IND and DNFBPs, banks, depositories/stock exchanges, intermediaries regulated by SEBI, Registrars performing the work of registering immovable properties through the UAPA Nodal Officer of the State/UT.

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

(Ashutosh Agnihotri)
Joint Secretary to the Government of India

To,

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

Copy for information to: -

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

Annex III

F.No.P - 12011/14/2022-ES Cell-DOR

Government of India

Ministry of Finance

Department of Revenue

New Delhi, dated the 1st September, 2023.

ORDER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.1 All Financial Institutions shall –

- i. Verify if the particulars of the entities/individual, party to the financial transactions, match with the particulars of designated list and in case of match, REs shall not carry out such transaction and shall

immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the CNO by email, FAX and by post, without delay.

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

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

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

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

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

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

- i. Verify if the particulars of the entities/individual, party to the transactions, match with the particulars of the designated list, and, in case of match, shall not carry out such transaction and immediately inform the details with full particulars of the assets or economic resources involved to the State Nodal Officer, without delay.
- ii. Verify from the records in their respective jurisdiction, without delay, on given parameters, if the details match with the details of the individuals and entities in the designated list. In case, the designated individuals/entities are holding financial assets or economic resources of the nature of immovable property, and if any match with the designated individuals/entities is found, the Registrar shall immediately inform the

details with full particulars of the assets or economic resources involved to the State Nodal Officer, without delay.

- iii. In case there are reasons to believe beyond doubt that assets that are held by an individual/entity would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A, Registrar shall prevent such individual/entity from conducting transactions, under intimation to the State Nodal Officer by email, FAX and by post, without delay.

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

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

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

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

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

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

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

(ii) Registrar of Societies/ Firms/ non-profit organizations are required to ensure that if any designated individual/ entity is a shareholder/ member/ partner/ director/ settler/ trustee/ beneficiary/ beneficial owner of any society/ partnership firm/ trust/ non-profit organization, then the Registrar shall freeze any transaction for such designated individual/ entity and shall inform the State Nodal Officer, without delay, and, if such

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

(iii) The State Nodal Officer shall also advise appropriate department of the State/UT, administering the operations relating to Casinos, to ensure that the designated individuals/ entities should not be allowed to own or have beneficial ownership in any Casino operation. Further, if any designated individual/ entity visits or participates in any game in the Casino or if any assets of such designated individual/ entity are with the Casino operator, or if the particulars of any client match with the particulars of designated individuals/ entities, the Casino owner shall inform the State Nodal Officer, without delay, and shall freeze any such transaction.

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

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

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

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

company or firm, and in case such a request is received, the ROC should inform the Section 12A Nodal Officer in the Ministry of Corporate Affairs.

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

(ix) 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.)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.2 The RE/Registrar of Immovable Properties/ROC/Regulator and the State Nodal Officer shall inform, and forward a copy of the application, together with full details of the asset frozen, as given by applicant to the

CNO by email, FAX and by Post, within two working days. Also, listed persons and entities may petition a request for delisting at the Focal Point Mechanism established under UNSC Resolution.

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

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

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

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

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

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

(Manoj Kumar Singh)
Director (HQ)

To,

- 1) Governor, Reserve Bank of India, Mumbai
- 2) Chairman, Securities & Exchange Board of India, Mumbai
- 3) Chairman, Insurance Regulatory and Development Authority, Hyderabad.
- 4) Foreign Secretary, Ministry of External Affairs, New Delhi.
- 5) Finance Secretary, Ministry of Finance, New Delhi.
- 6) Revenue Secretary, Department of Revenue, Ministry of Finance, New Delhi.
- 7) Secretary, Ministry of Corporate Affairs, New Delhi
- 8) Chairman, Central Board of Indirect Taxes & Customs, New Delhi.
- 9) Director, Intelligence Bureau, New Delhi.
- 10) Additional Secretary, Department of Financial Services, Ministry of Finance, New Delhi.

- 11) Chief Secretaries of all States/Union Territories
- 12) Principal Secretary (Home)/Secretary (Home) of all States/ Union Territories
- 13) Directors General of Police of all States & Union Territories
- 14) Director General of Police, National Investigation Agency, New Delhi.
- 15) Commissioner of Police, Delhi.
- 16) Joint Secretary (Foreigners), Ministry of Home Affairs, New Delhi.
- 17) Joint Secretary (Capital Markets), Department of Economic Affairs, Ministry of Finance, New Delhi.
- 18) Joint Secretary (Revenue), Department of Revenue, Ministry of Finance, New Delhi.
- 19) Director (FIU-IND), New Delhi.

Copy for information to: -

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

Document required for opening of account

<p>Proprietary Firm (Any two of the following documents)</p>	<p>(a) Registration certificate (b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act. (c) Sales and income tax returns. (d) (Provisional/final) 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.</p> <p>In cases where the bank are satisfied that it is not possible to furnish two such documents, REs may, at their discretion, <u>accept only one of those documents as proof of business/activity.</u></p> <p>Provided bank undertake <u>contact point verification and collect such other information and clarification</u> as would be required to establish the existence of such firm, and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.</p>
<p>Company</p>	<p>(a) Certificate of incorporation (b) Memorandum and Articles of Association (c) Permanent Account Number of the company (d) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf (e) Documents, as specified in flow chart, relating to beneficial owner, the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf</p>
<p>Partnership firm</p>	<p>(a) Registration certificate (b) Partnership deed (c) Permanent Account Number of the partnership firm (d) Documents, as specified in flow chart, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf</p>
<p>Trust</p>	<p>(a) Registration certificate (b) Trust deed (c) Permanent Account Number or Form No.60 of the trust (d) Documents, as specified in flow chart, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf</p>
<p>Unincorporated association or a body</p>	<p>(a) Resolution of the managing body of such association or body of individuals</p>

<p>of individuals</p>	<p>(b) Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals</p> <p>(c) Power of attorney granted to transact on its behalf</p> <p>(d) Relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and Documents, as specified in Section 16,</p> <p>(e) Such information as may be required by bank to collectively establish the legal existence of such an association or body of individuals.</p> <p>Explanation: Unregistered trust/partnership firm shall be included under the term 'unincorporated association'.</p> <p>Explanation: Term 'body of individual' included societies.</p>
<p>Juridical persons not specifically covered in the earlier part, such as societies, universities and local bodies like village panchayats</p>	<p>(a) Document showing name of the person authorised to act on behalf of the entity;</p> <p>(b) Documents, as specified in flow chart, of the person holding an attorney to transact on its behalf and</p> <p>(c) Such documents as may be required by the bank to establish the legal existence of such an entity/juridical person.</p>

Indicative list of High/Medium Risk Customers**➤ Characteristics of High Risk Customers:**

1. Individuals and entities listed in various United Nations Security Council Resolutions (UNSCRs) such as UN 1267 etc.
2. Individuals or entities listed in the schedule to the order under section 51A of the Unlawful Activities (Prevention) Act, 1967 relating to the purposes of prevention of, and for coping with terrorist activities.
3. Customers with dubious reputation as per public information available or commercially available watch lists.
4. Individuals and entities specifically identified by regulators, FIU and other competent authorities as high risk.
5. Customers conducting their business relationship or transactions in unusual circumstances such as significant and unexplained geographic distance between the institution and the location of the customer, frequent and unexplained movement of accounts to different institutions, frequent and unexplained movement of funds between institutions in various geographic locations etc.
6. Non face-to-face customers
7. Firms with "Sleeping partners"
8. Companies having close family shareholding or beneficial ownership
9. Complex business ownership structures, which can make it easier to conceal underlying beneficiaries, where there is no legitimate commercial rationale.
10. Shell companies which have no physical presence in the country in which it is incorporated. The existence simply of a local agent or low level staff does not constitute physical presence.
11. Investment Management/ Money Management Company/ Personal Investment Company
12. Trusts, charities, NGOs/Non- Profit Organisations (NPOs) (Especially those operating on a "cross-border" basis) unregulated clubs and organizations receiving donations
13. Dealers in high value or precious goods (e.g. Jewel, gem and precious metals dealers, art and antique dealers and auction houses, estate agents and real estate brokers)
14. Customers that may appear to be Multi-level marketing companies etc.
15. PEP (Political Expose Person)
16. Export-Import business
17. Finance business
18. Infrastructure
19. Automobile Dealer
20. Petrol Pump & Oil Agency

➤ Characteristics of Medium Risk Customers

- | | |
|------------------|----------------------------|
| 1. Retailer | 53. Trading |
| 2. Industrialist | 54. Services |
| 3. Transport | 55. Stationary |
| 4. Manufacturer | 56. Auto Spare-Parts |
| 5. Garment | 57. Glass & Aluminium Shop |
| 6. Wholesale | 58. Engineering Work |
| 7. Textile | 59. Hardware & plywood |
| 8. Tyre Dealer | 60. Labour Contractor |
| 9. Auto Mobiles | 61. Embroidery Job Work |

- | | |
|--|--|
| 10. Electronics | 62. Job Work |
| 11. Printing | 63. Online Trading |
| 12. Advertising | 64. Home Trading |
| 13. Publication | 65. Bakery |
| 14. Film Industry | 66. Pharmacy |
| 15. Construction | 67. Sanitary Pipe & ceramic Trader |
| 16. Petro products | 68. Telecom Services |
| 17. Fertilizer & Pesticides | 69. Tours & Travels |
| 18. Steel & Alloys | 70. Chemical Trading |
| 19. Poultry & Farming | 71. Amusement Park |
| 20. Granites | 72. Terminal & Container Repairing |
| 21. Packing Industry | 73. Carting & Building Material |
| 22. Business | 74. Commission Income/ Broking |
| 23. Software Consultant | 75. Restaurant & Hotel |
| 24. Business Women | 76. Coaching Classes |
| 25. TV cable service provider | 77. Fabrication Work |
| 26. Shop keeper | 78. Stamp Vendor |
| 27. Hospital & Dispensary | 79. Training Centre |
| 28. Financial Advisor | 80. Machinery Spare Parts |
| 29. Vegetable Store | 81. Battery Trading |
| 30. Tobacco & Tobacco Products | 82. Gas Booking Agency |
| 31. Mobile Shop | 83. Steel product Sales/ Manufacturing |
| 32. Asbestos Trading | 84. Online Imitation Jewellery |
| 33. Masala Trading | |
| 34. Generator Repairing | |
| 35. Weft Filler | |
| 36. Food processing & Manufacturing | |
| 37. Textile Gary Manufacturing | |
| 38. Textile Gary Trading | |
| 39. Textile Gary Job work | |
| 40. Textile Yarn Dealer | |
| 41. Cloud Computing & Infrastructure Management Services | |
| 42. Service provider for Decoration and Travel Agency | |
| 43. Imitation Jewellery | |
| 44. Gold Testing lab | |
| 45. Gold Labour Work | |
| 46. Yarn commission Income | |
| 47. Electrical Contractor | |
| 48. Retailor of Millgin Spare Parts | |
| 49. Kitchen Wares & crockery Items | |
| 50. Superstore/ Mall | |
| 51. Digital Marketing | |
| 52. Yarn Trading | |

Characteristics of Low Risk Customers

For the purpose of risk categorization, individuals (other than high net worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conforms to the known profile, may be categorized as low risk accounts.

1. Farmer
2. House Hold
3. Teacher / Professor
4. Professional Service
5. Investor
6. Milkman
7. Worker
8. Service
9. Education
10. Staff
11. Student
12. Senior Citizen
13. Professional
14. Self Employed
15. Retired
16. Housewife
17. Student
18. Service – Public Sector
19. Service – Private Sector
20. Service – Govt. Sector
21. Welfare
22. Jari Manufacturing
23. Jari Trading
24. Watchman
25. Job Work
26. Hair Cutting Saloon
27. Driver
28. Water Work
29. Self-help Group
30. Scrap Trading
31. Plywood Manufacture
32. Interior Designing work
33. Tailor
34. Dying and Printing
35. Decoration Business
36. Fitness/Gym
37. Distributor of Wall Clock
38. Decorative item sales
39. Handloom and Handicraft
40. Computer Peripherals and Software
41. Cosmetic business
42. Kitchen Ancillary
43. Manufacturing and Trading of copper Wire
44. Logistics & Shipping
45. Software Development & Trading
46. Courier & Parcel Services
47. Consultancy Firm
51. Society
52. Service Society
53. Salaried employee
54. Artisans and Craftsman
55. Doctor and medical professional
56. Advocate
57. Consultant
58. Architect
59. Businessman
60. Sport Person
61. Education Industry
62. Chartered Accountant
63. Agriculture
64. Dairy Product
65. General Store
66. Kirana Store
67. Engineer
68. Beauty Parlour
69. Student Group
70. Fire Protection
71. Footwear
72. Water Pump repairing
73. Laundry
74. Nursery and Farm
75. Li and Dye Product
76. Sawmill
77. Flush Door Manufacturing
78. Cloud Kitchen
79. Kid (Up to 3 Year)
80. Distributor of Hygiene Products
81. Beverage Services
82. Gold Hallmarking Centre
83. Solar Distributor
84. Club
85. Accountant
86. Manufacturer of Plastic Products
87. Manufacturer of Sanitary Pads
88. Fishing
89. Animal Husbandry
90. Carpenter
91. Catering
92. Event Management
93. Mandap Decoration
94. Pujari
95. Garage

48. Retailer of Pooja Items

49. Florist

50. Tea Depot/Stall

Illustrative examples of Low Risk customers may include;

- Salaried employees whose salary structures are well defined
- Businessmen/Traders whose activities are well defined and transactions in the accounts commensurate with the business transactions.
- People belonging to lower economic strata of society and whose accounts show small balances and low turnover.
- Government departments & Government owned companies, regulators and statutory bodies etc.

Risk Categorization of customers based on various parameters

Basis	High Risk	Medium Risk	Low Risk
Type of Customer	(i) Private Ltd. Co. (ii) Public Ltd. Co. (Closely held) (iii) Trusts (iii) Charities (iv) Politically Exposed Persons (v) Non-Face to face customers with aggregate deposit of above Rs. 10 lakh (vi) Customers having adverse publicity. (vii) Firms with operative transactions authorized by sleeping partner.	(i) Public Ltd. Co. (widely held) (ii) Firms with sleeping partners.	(i) Salaried persons. (ii) Pensioners (iii) Professional & Self employed persons. (iv) Agriculturist (v) Self Help Groups (vi) Government companies. (vii) Public Sector companies. (viii) Government Departments.
Source (Nationality) of funds	Foreign Remittances from national of Gulf, Pakistan, Afghanistan, Libya and Syria	Foreign Remittance from national of Eastern Block Countries, Indonesia, Burma, Malaysia, Singapore and Thailand	Foreign Remittance nationals of United States and European Countries. Foreign Remittances from NRIs & persons of Indian origin.
Location of Customer	Developing Countries, African Countries, South American Countries	Asian Countries, Russia and China	United States and European Countries

Quantum of Transaction	Cash transaction of Rs.10 lakh and above Average Non cash transactions of last three F.Y. Saving (Above Rs. 50000000.00) Current (Above Rs. 150000000.00) Fixed Deposit (Above Rs., 75000000.00) Recurring Deposit (above Rs. 1000000.00) CCOD (above Rs. 200000000.00)	Cash transaction of Between Rs. 5 lakh to Rs. 10 lakh Average Non cash transactions of last three F.Y. Saving (Between Rs.2500001.00 to 5000000.00) Current (Between Rs. 5000001.00 to 150000000.00) Fixed Deposit (Between Rs. 4000001.00 to 7500000.00) RD Deposit (Between Rs. 500001.00 to 1000000.00) CCOD (Between Rs. 50000001.00 to 200000000.00)	Cash transactions less than Rs. 5 lakh Average Non cash transactions of last three F.Y. Saving (Up to Rs. 2500000.00) Current (Up to Rs. 50000000.00) Fixed Deposit (Above Rs. 4000000.00) Recurring Deposit (Up to Rs. 500000.00)
Business Activity	(1) Jewellery (2) Chit Funds (3) Finance companies (4) Foreign Exchange Money Market Brokers (5) Travel Agencies (6) Export / Import Trade	(i) Commodity Trade	(i) Industry (ii) Hotel (iii) Plantations (iv) Retail Trade
Composition of partners, directors	Entirely Foreign nationality	A mix of Indian and Foreign nationals	Exclusively Indian nationals

Shri Harshvadan R. Chokhawala
(Chairman)

Shri Krushnakant N. Mashruwala
(Vice Chairman)

Shri Mandip U. Choksi
(Director)

Shri Hitesh H. Shah
(CEO)