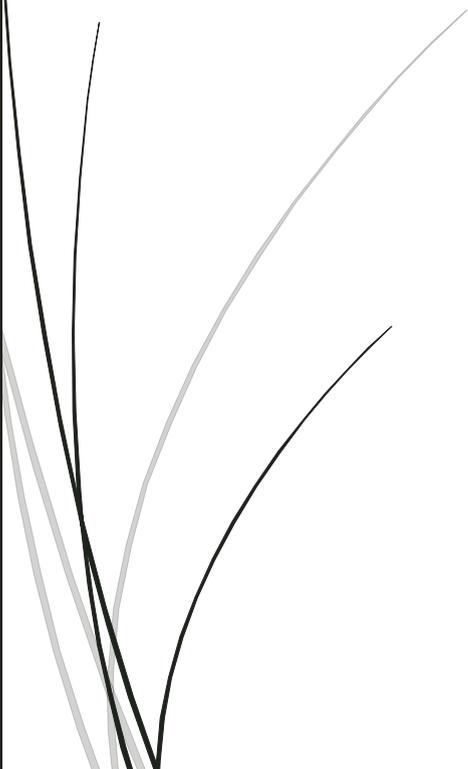


Know Your Customer & Anti-Money



Laundrying Policy

Principal Officer

ASIA PRAGATI CAPFIN PRIVATE LIMITED

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INTRODUCTION

Reserve Bank of India (RBI) has issued guidelines on 'Know Your Customer' (KYC) Guidelines - Anti Money Laundering Standards for Regulated Entities (REs), which includes Non-Banking Finance Companies (NBFCs), thereby setting standards for prevention of money laundering activities and corporate practices while dealing with their customers from time to time and latest vide Master Direction No. DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016 (updated as on July 08, 2016).

The Company shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications if any necessary to this code to conform to the standards so prescribed. This policy is applicable to **"Asia Pragati Capfin Private Limited' (hereinafter referred as "AP")** and is to be read in conjunction with related operational guidelines and standards issued from time to time. The contents of the policy shall always be read in tandem/auto-corrected with the changes/modifications which shall be advised by RBI from time to time.

The Company endeavors to frame a proper policy framework on 'Know Your Customer' (KYC) and Anti-Money Laundering measures. The Company is committed for transparency and fairness in dealing with all stakeholders/customers and in ensuring adherence to all laws and regulations. The Company ensures that the information collected from the customers for any purpose would be kept as confidential and not divulge any details thereof for cross selling or any other purposes. The Company commits that information sought from the customer is relevant to the perceived risk, is not intrusive, and is in conformity with the guidelines issued by RBI in this regard. Any other information from the customer shall be sought separately with his /her consent and after effective rendering of services.

The Company shall also communicate its KYC norms to its customers. The Company shall ensure that the implementation of the KYC norms is the responsibility of the entire organization.

The Company's Board of Directors and the management team are responsible for implementing the KYC norms hereinafter detailed, and to ensure that its operations reflect its initiatives to prevent money laundering activities.

OBJECTIVE:

The objective of KYC guidelines is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities. KYC procedures also enable the Company to know/understand their customers and their financial dealings better which in turn help them manage their risks prudently.

The Company hereunder framing its KYC policies incorporating the following four key elements:

- 1) Customer Acceptance Policy
- 2) Risk Management
- 3) Customer Identification Procedures;
- 4) Monitoring of Transactions;

DEFINITIONS

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

“Act” and “Rules” means the Prevention of Money-Laundering Act, 2002 and the Prevention of MoneyLaundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto.

“Beneficial Owner (BO)”, Where the customer is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have a controlling ownership interest or who exercise control through other means.

“Controlling ownership interest” means ownership of/entitlement to more than 25 per cent of the shares or capital or profits of the company.

“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.

- 1) 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 15 per cent of capital or profits of the partnership.
- 2) 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.
 - a) Term 'body of individuals' includes societies. Where no natural person is identified the beneficial owner is the relevant natural person who holds the position of senior managing official.
- 3) Where the customer is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 15% 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.

a) Term 'body of individuals' includes societies.

"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.

"Designated Director" means the Managing Director or a Whole Time Director designated by the Board of AP to ensure overall compliance with the obligations imposed under chapter IV of the PML Act

"Non-profit organisations" (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.

"Officially valid document" (OVD) means the passport, the driving license, the Permanent Account Number (PAN) Card, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government, letter issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number.

Customers, at their option, shall submit one of the six OVDs for proof of identity and proof of address.

- 1) Provided that where 'simplified measures' are applied for verifying the identity of the customers the following documents shall be deemed to be OVD:
 - a) identity card with applicant's photograph issued by Central/ State Government Departments, Statutory/ Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, and Public Financial Institutions;
 - b) Letter issued by a Gazetted officer, with a duly attested photograph of the person.
- 2) Provided further that where 'simplified measures' are applied for verifying, for the limited purpose of, proof of address the following additional documents are deemed to be OVDs:
 - a) Utility bill, which is not more than two months old, of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
 - b) Property or Municipal Tax receipt;
 - c) Bank account or Post Office savings bank account statement;
 - d) Pension or family Pension Payment Orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
 - e) Letter of allotment of accommodation from employer issued by State or Central Government departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies. Similarly, leave and license agreements with such employers allotting official accommodation; and
 - f) Documents issued by Government departments of foreign jurisdictions or letter issued by Foreign Embassy or Mission in India.

"Person" has the same meaning assigned in the Act and includes:

- 1) an individual,
- 2) a Hindu undivided family,
- 3) a company,

- 4) a firm,
- 5) an association of persons or a body of individuals, whether incorporated or not, every artificial juridical person, not falling within any one of the above persons (1 to 4), and
- 6) any agency, office or branch owned or controlled by any of the above persons (1 to 6).

“Principal Officer” means an officer nominated by AP, responsible for furnishing information as per rule 8 of the Rules.

“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, 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 appears to be made in circumstances of unusual or unjustified complexity; or appears to not have economic rationale or bona-fide purpose; or gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

- 1) 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.

A ‘Small Account’ means a savings account in which:

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

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

- 1) opening of an account;
- 2) 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;
- 3) the use of a safety deposit box or any other form of safe deposit;
- 4) entering into any fiduciary relationship;
- 5) any payment made or received, in whole or in part, for any contractual or other legal obligation; or
- 6) establishing or creating a legal person or legal arrangement.

Terms bearing meaning assigned in this policy, unless the context otherwise requires, shall bear the meanings assigned to them below:

“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.

“Customer” means a person who is engaged in a financial transaction or activity with AP and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

1) “Walk-in Customer” means a person who does not have an account based relationship with AP, but undertakes transactions with AP.

“Customer Due Diligence (CDD)” means identifying and verifying the customer and the beneficial owner using ‘Officially Valid Documents’ as a ‘proof of identity’ and a ‘proof of address’.

“Customer identification” means undertaking the process of CDD.

“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.

“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.

“KYC Templates” means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.

“Non-face-to-face customers” means customers who open accounts without visiting the branch/offices of AP or meeting the officials of AP.

“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.

“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.

“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.

“Simplified procedure” means the procedure for undertaking customer due diligence in respect of customers, who are rated as low risk by the Pragati and who do not possess any of the six officially valid documents, with the alternate documents prescribed under the two provisos of Section 3(a)(vi) of this Directions.

“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.

“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.

“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 in different countries such a transaction is cross-border wire transfer.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act or the Reserve Bank of India Act, or the Prevention of Money Laundering Act and Prevention of Money Laundering (Maintenance of Records) Rules, any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

DESIGNATED DIRECTOR:

- 1) A "Designated Director" shall be nominated by the Board.
- 2) The name, designation and address of the Designated Director shall be communicated to the FIUIND.
- 3) In no case, the Principal Officer shall be nominated as the 'Designated Director'.

PRINCIPAL OFFICER:

- 1) The Principal Officer shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations.
- 2) (b) The name, designation and address of the Principal Officer shall be communicated to the FIUIND.

COMPLIANCE OF KYC POLICY

- 1) AP shall ensure compliance with KYC Policy as under:
 - a) The board will ensure compliance with the KYC policy through the Designated Director;
 - b) The principal officer of the AP as designated by the board will be responsible for effective implementation of policies and procedures.
 - c) The KYC policy will be evaluated from time to time to keep it in line with guidelines issued by RBI from time to time.
 - d) Concurrent/ Internal audit system to verify the compliance with KYC/AML policies and procedures.

RISK MANAGEMENT

For Risk Management, AP shall have a risk based approach which would include the following:

- 1) Customers shall be categorized as low, medium and high risk category, based on the assessment and risk perception of the RE.
- 2) Risk categorization 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.

CUSTOMER ACCEPTANCE POLICY (CAP)

The guidelines for Customer Acceptance Policy (CAP) for the Company are given below:

- 1) No account is opened in anonymous or fictitious/benami name.
- 2) No account is opened where the AP 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.
- 3) No transaction or account based relationship is undertaken without following the CDD procedure.
- 4) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.
- 5) 'Optional'/additional information, is obtained with the explicit consent of the customer after the account is opened.
- 6) CDD Procedure is followed for all the joint account holders, while opening a joint account.
- 7) Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
- 8) 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.

CUSTOMER IDENTIFICATION PROCEDURE (CIP)

AP shall undertake identification of customers in the following cases:

- 1) Commencement of an account-based relationship with the customer.
- 2) Carrying out any international money transfer operations for a person who is not an account holder of the bank.
- 3) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- 4) 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.
- 5) 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.
- 6) When a AP 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.

For the purpose of verifying the identity of customers at the time of commencement of an accountbased relationship, AP shall at its option, rely on customer due diligence done by a third party, subject to the following conditions:

- 1) Necessary information of such customers' due diligence carried out by the third party is immediately obtained by AP.
- 2) Adequate steps are taken by AP 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.
- 3) 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.
- 4) The third party shall not be based in a country or jurisdiction assessed as high risk.

- 5) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the AP.

While undertaking customer identification, AP shall ensure that:

- 1) Decision-making functions of determining compliance with KYC norms shall not be outsourced.
- 2) Introduction shall not be sought while opening accounts.
- 3) The customers shall not be required to furnish an additional OVD, if the OVD submitted by the customer for KYC contains both proof of identity and proof of address.
- 4) The customers shall not be required to furnish separate proof of address for permanent and current addresses, if these are different. In case the proof of address furnished by the customer is the address where the customer is currently residing, a declaration shall be taken from the customer about her/his local address on which all correspondence will be made by the AP.
- 5) The local address for correspondence, for which their proof of address is not available, shall be verified through 'positive confirmation' such as acknowledgment of receipt of letter, cheque books, ATM cards, telephonic conversation, visits to the place, or the like.
- 6) In case it is observed that the address mentioned as per 'proof of address' has undergone a change, AP shall ensure that fresh proof of address is obtained within a period of six months.time to time.

ALLOTMENT OF UNIQUE CUSTOMER IDENTIFICATION CODE (UCIC)

- 1) A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with individual customers as also the existing customers by banks and NBFCs.
- 2) The banks/NBFCs 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.

CUSTOMER DUE DILIGENCE (CDD) PROCEDURE

1) CDD Procedure in case of Individuals

- a) The following documents to be obtained from an individual while establishing an account based relationship:
 - i) one certified copy of an OVD containing details of identity and address; ii) one recent photograph; and iii) such other documents pertaining to the nature of business or financial status as requiredInformation 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 except if required by a court of law or any enforcement agency.
- b) A copy of the marriage certificate issued by the State Government or Gazette notification indicating change in name together with a certified copy of the 'officially valid document' in the existing name of the person shall be obtained for proof of address and identity, while establishing an account based relationship or while undertaking periodic updation exercise in cases of persons who change their names on account of marriage or otherwise.

- c) In case the person who proposes to open an account does not have an OVD as 'proof of address', such person shall provide OVD of the relative as provided at sub-section 77 of Section 2 of the Companies Act, 2013, read with Rule 4 of Companies (Specification of definitions details) Rules, 2014, with whom the person is staying, as the 'proof of address'.

Explanation: A declaration from the relative that the said person is a relative and is staying with him/her shall be obtained.

- d) In cases where a customer categorised as 'low risk', expresses inability to complete the documentation requirements on account of any reason that AP considers to be genuine, and where it is essential not to interrupt the normal conduct of business, AP shall, at its option, complete the verification of identity of the customer within a period of six months from the date of establishment of the relationship.

Explanation: During the periodic review, if the 'low risk' category customer for whom simplified procedure is applied, is re-categorised as 'moderate or "high' risk category, then AP shall obtain one of the six OVDs for proof of identity and proof of address immediately. In the event such a customer fails to submit such an OVD, AP shall initiate action as envisaged in Section 39 of these Directions.

- e) If an existing KYC compliant customer of AP desires to open another account with it, there shall be no need for a fresh CDD exercise.

- f) KYC verification once done by one branch/office of the AP, shall be valid for transfer of the account to any other branch/office of AP, provided full KYC verification has already been done for the concerned account and the same is not due for periodic updation and a selfdeclaration from the account holder about his/her current address is obtained in such cases.

2) **CDD Measures for Sole Proprietary firms**

- a) For opening an account in the name of a sole proprietary firm, a certified copy of an OVD containing details of identity and address of the individual (proprietor) shall be obtained.
- b) In addition to the above, any two of the following documents as a proof of business/ activity in the name of the proprietary firm shall also be obtained: i) Registration certificate ii) Certificate/licence issued by the municipal authorities under Shop and Establishment Act. iii) Sales and income tax returns. (d) CST/VAT certificate.
- iv) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.
- v) Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
- vi) 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.
- vii) Utility bills such as electricity, water, and landline telephone bills.
- c) In cases where the AP is satisfied that it is not possible to furnish two such documents, AP may, at its discretion, accept only one of those documents as proof of business/activity.

In such cases AP shall 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.

3) **CDD MEASURES FOR LEGAL ENTITIES**

- a) For opening an account of a company, one certified copy of each of the following documents shall be obtained:
 - i) Certificate of incorporation.
 - ii) Memorandum and Articles of Association.
 - iii) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf.
 - iv) Officially valid documents in respect of managers, officers or employees holding an attorney to transact on its behalf.
- b) For opening an account of a partnership firm, one certified copy of each of the following documents shall be obtained:
 - i) Registration certificate.
 - ii) Partnership deed.
 - iii) Officially valid documents in respect of the person holding an attorney to transact on its behalf.
- c) For opening an account of a trust, one certified copy of each of the following documents shall be obtained:
 - i) Registration certificate.
 - ii) Trust deed.
 - iii) Officially valid documents in respect of the person holding a power of attorney to transact on its behalf.
- d) For opening an account of an unincorporated association or a body of individuals, one certified copy of each of the following documents shall be obtained:
 - i) resolution of the managing body of such association or body of individuals; ii) power of attorney granted to transact on its behalf; iii) Officially valid documents in respect of the person holding an attorney to transact on its behalf and
 - iv) such information as may be required to collectively establish the legal existence of such an association or body of individuals.

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

4) **Identification of Beneficial Owner**

- a) For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps in terms of Rule 9(3) of the Rules to verify his/her identity shall be undertaken keeping in view the following:
 - i) Where the customer or the owner of the controlling interest is 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.
 - ii) In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases,

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

5) On-going Due Diligence

- a) AP 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.
- b) Without prejudice to the generality of factors that call for close monitoring following types of transactions shall necessarily be monitored:
 - i) 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.
 - ii) Transactions which exceed the thresholds prescribed for specific categories of accounts. iii) High account turnover inconsistent with the size of the balance maintained.
 - iv) Deposit of third party cheques, drafts, etc. in the existing and newly opened accounts followed by cash withdrawals for large amounts.
- c) The extent of monitoring shall be aligned with the risk category of the customer.

PERIODIC UPDATION

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 subject to the following conditions:

- 1) Fresh proofs of identity and address shall not be sought at the time of periodic updation, from customers who are categorised as 'low risk', when there is no change in status with respect to their identities and addresses and a self- certification to that effect is obtained.
- 2) A certified copy of the proof of address forwarded by 'low risk' customers through mail/post, etc., in case of change of address shall be acceptable.
- 3) Physical presence of low risk customer at the time of periodic updation shall not be insisted upon.
- 4) The time limits prescribed above would apply from the date of opening of the account/ last verification of KYC.
- 5) Fresh photographs shall be obtained from customer for whom account was opened when they were minor, on their becoming a major.

REPORTING REQUIREMENTS TO FINANCIAL INTELLIGENCE UNIT – INDIA

AP would continue to maintain proper record of all cash transactions of Rs.10 lakh and above and have in place centralised internal monitoring system at head office. AP would strive to have an understanding of the normal and reasonable activity of the customer through personal visits and by observing the transactions and conduct of the account in order to identify transactions that fall outside the regular pattern of activity – unusual transactions.

For the simplicity of data capture, the following transactions would be considered as unusual transactions deserving special attention. Such accounts would be treated as Medium/High Risk customers after review of the unusual transactions by the Principal Officer – Prevention of Money Laundering Act.

- 1) Repeated pre-termination of loan accounts of size exceeding Rs.10 lacs;
- 2) Same customer appearing in the Cash Transaction Report (CTR) more than 3 times during a span of 6 months;
- 3) Total cash received from a customer in a financial year exceeding Rs.50 lacs;
- 4) Being an NBFC, AP is not empowered to seize any counterfeit currency like in the case of banks. However, the following incidents of counterfeit currency at the cash counters would be recorded and repeated occurrence would be reported.
- 5) Bulk counterfeit currency of more than 10 pieces at a time;
- 6) Repeated event within a week from a collection executive or customer;

All such transactions would be reported to and reviewed by Principal Officer – PMLA who would enquire into the matter and decide whether the transaction would qualify to be termed as a suspicious transaction. When it is believed that we no longer are satisfied that we know the true identity of the account holder, STR would be filed with FIU-IND. The Principal Officer – PMLA would file the Suspicious Transaction Report with the Director, Financial Intelligence Unit-India (FIU-IND) within 7 days of identifying them. After filing STR, transactions would be allowed to be continued in the account unhindered and the customer would not be tipped in any manner.

All CTR/STR would be filed electronically or as per the norms stipulated by FIU-IND from time to time. The STR would be filed even for attempted transactions List of individuals and entities, approved by UN Security Council Committee and circulated by RBI would be updated and the list would be available at every office entrusted with the responsibility of customer acceptance and would be verified before opening an account.

Financial Action Task Force (FATF) statements regarding countries with deficient AML/CFT would be verified and caution would be exercised with customers who conduct business activities in these countries.

AP has a laid down Document retention policy which would be reviewed periodically to be in compliance to the requirements of PMLA. The following documents/ records would be held for a period of 10 years:

- 1) Records with respect to the cash transactions of value of more than Rs. 10 lacs
- 2) Records with respect to series of cash transactions integrally connected to each other of more than Rs.10 lacs within a month
- 3) Records with respect to transactions where counterfeit currency notes have been used
- 4) Records with respect to all suspicious transactions
- 5) KYC documents after the business relationship ending.
- 6) The documents/ records maintained would hold the following information:
 - a) Nature of transaction;
 - b) Amount of the transaction;
 - c) Date on which the transaction was conducted; and
 - d) The parties to the transaction;
- 7) All the units reporting the unusual transactions to PO – PMLA would be subjected to audit by IAD.

SECRECY OBLIGATIONS AND SHARING OF INFORMATION:

AP shall maintain confidentiality of information as provided in Section 45NB of RBI Act 1934.

CDD PROCEDURE AND SHARING KYC INFORMATION WITH CENTRAL KYC RECORDS REGISTRY (CKYCR)

AP 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 authorized the Central Registry of Securitization 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'.

AP shall, at its 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.

Adequate attention shall be paid by AP 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.

QUOTING OF PAN

Permanent account number (PAN) 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.

HIRING OF EMPLOYEES AND EMPLOYEE TRAINING

- 1) Adequate screening mechanism as an integral part of their personnel recruitment/hiring process shall be put in place.
- 2) On-going employee training program shall be put in place so that the members of staff are adequately trained in AML/CFT policy. The focus of the training shall be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff shall be specially trained to handle issues arising from lack of customer education.

Kanak Kamal Kapur

DIN: 03299278