



**Motilal Oswal Home Finance Limited
(MOHFL)**

KYC & AML Policy

Approved By

Board of Directors at its meeting held on June 10, 2014

Title	MOHFL KYC & AML Policy
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Date of Latest Release	October 24, 2019
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Reviewed By the Board of Directors at its Meeting Held on October 24, 2019.

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VERSION DETAILS

Sr. No.	Details of Changes	Date of Creation/Change	Department	Author	Version Number	Approved By
1.	Original Document	June 10, 2014	Compliance	Company Secretary	Ver. 1.0	Board of Directors
2.	Changes due to amendments in the regulatory provisions.	May 21, 2018	Compliance	Company Secretary	Ver. 1.1	Board of Directors
3.	Changes due to amendments in the regulatory provisions	October 24, 2019	Compliance	Compliance Officer	Ver. 1.2	Board of Directors

Motilal Oswal Home Finance Limited

KNOW YOUR CUSTOMER [KYC] & ANTI MONEY LAUNDERING MEASURES

(As approved by the Board of Directors of the Company)

1. INTRODUCTION:

The "Know Your Customer" (KYC) guidelines issued by the National Housing Bank (NHB) aims at preventing the Housing Finance Companies (HFCs) from being used intentionally or unintentionally by criminal elements for committing financial frauds, transferring or deposits of funds derived from criminal activity or for financing terrorism.

Pursuant to the notification issued by the National Housing Bank on Fair Practices Code guidelines vide its notifications/Circular No. NHB (ND)/DRS/Pol-No.33/2010 dated 11th October, 2010 and as part of the best corporate practices in line with the amendment in the guidelines issued by the National Housing Bank vide its Circular No. NHB/ND/DRS/Pol. No. 94/2018 -19 dated 11th March, 2019 the Company had prepared a comprehensive policy on 'Know Your Customer and Anti-Money Laundering Measures' which is applicable to all the Branches and duly complied with by all the Branch Managers, frontline staff, compliance staff and the staff dealing with the customers. The guidelines are dynamic in nature and are subject to review and amendments from time to time. This policy document is in accordance with various guidelines issued by the NHB for proper identification of an account holder/ customer and for scrutiny/ monitoring of large value cash transaction or transaction of a suspicious nature.

2. OBJECTIVES OF THE POLICY

- To lay down explicit criteria for acceptance of customers.
- To determine the customer's risk in terms of the tendency to commit money laundering, terrorist finance or identity theft and to mitigate the risk.
- To create and assess a 'Customer Profile' on the basis of a customer's transactional behaviour.
- To establish procedures to verify the bona-fide identification of individuals/ non-individuals customers.
- To establish processes and procedures to monitor high value cash transactions and /or transactions of suspicious nature.
- To develop measures for conducting due diligence in respect of customers and reporting of such transactions.

3. DEFINITIONS:

Sr. No.	Terminology	Definition
1	Act and Rules	The Prevention of Money Laundering Act, 2002 and Rules means the Prevention of Money-Laundering (Maintenance of records) Rules, 2005, as amended from time to time.
2	AML	Anti - Money Laundering
3	APP Form	Application Form
4	CIF	Customer Information Form
5	Company	Motilal Oswal Home Finance Limited (MOHFL)
6	Customer	<ul style="list-style-type: none"> •A person as defined under Section 2(31) of Income Tax Act, 1961 and includes any agency, office or branch owned or controlled by such persons. •A person or entity that maintains an account and/ or has a business relationship with the Company. •One on whose behalf the account is maintained (i.e. the beneficial owner); •Beneficiaries of transactions conducted by professional intermediaries such as Stock Brokers, Chartered Accountants, Company Secretaries, Solicitors etc. as permitted under the law, and •Any person or entity connected with a financial transaction which can pose significant reputation or other risks to the Company, say a wire transfer or issue of a high value demand draft as a single transaction.
7	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.
8	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'.
9	Customer Identification	Means undertaking the process of CDD.

10	Designated Director	Means as defined under Rule 2 of the Prevention of Money-laundering (Maintenance of Records Rules), 2005.
11	Freeze lists/ Negative lists and Country lists	These are the lists against which names/ locations of prospective Customers have to be screened before acceptance as Customer.
12	HFC	Housing Finance Company
13	Intermediary	"Intermediary" means a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992.
14	KYC	Means the due diligence procedure prescribed by the regulator for identifying and verifying the proof of address, proof of identity and compliance with the rules, regulations, guidelines and circulars issued by the regulator or any other statutory authority under the act from time to time.
15	KYC Templates:	Templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and Legal entities.
16	Non-face-to-face customers	Customers who opens account without visiting the branch / offices of the HFC or meeting the officials of HFCs.
17	Regulator	Means the National Housing Bank (NHB)/ The Securities and Exchange Board of India or such other person from whom the Company holds a certificate of registration to undertake its business activities.
18	Offline verification	Means the process of verifying the identity of the Aadhaar number holder without authentication, through offline modes as may be specified by the Aadhaar regulations.

20	<p>Officially Valid Document (“OVD”)</p>	<p>Means the passport, the driving licence, proof of possession of Aadhaar number in such form as are issued by the Unique Identification Authority of India, 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, the letter issued by the National Population Register containing details of name, address or any other document as notified by the Central Government in consultation with the Regulator.</p> <p>In case of OVD furnished by the customer does not contain updated address, the following documents shall be deemed to be OVD for limited purpose of proof of address:—</p> <ul style="list-style-type: none"> (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) Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address; (d) 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 (e) Documents issued by Government departments of foreign jurisdictions or letter issued by Foreign Embassy or Mission in India. Provided that the customer shall submit updated OVD with current address within a period of three months of submitting the above documents.
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21	On-going Due Diligence	Regular monitoring of transactions in accounts to ensure that they are consistent with the customer's profile and source of funds.
22	Periodic Updation	Steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the NHB.
23	Politically Exposed Persons ("PEP")	<p>Politically Exposed Persons are Persons who are or have been entrusted with prominent public functions in India or foreign country, e.g., Heads of States or of Governments, senior politicians (eg. MPs, MLAs, MLC, Municipal Counsellors, Panchayat President, Members), senior government/judicial/military officers, senior executives of state-owned corporations, all political party officials, Political Parties, etc.</p> <p>Note: Sufficient information should be gathered on any person/Customer of this category intending to establish a relationship and diligently check the information available on the person in the public domain.</p>
24	Reputationally Exposed Person ("REP")	Reputationally Exposed Persons are individuals, other than Politically Exposed Persons, whose activities are otherwise considered to generate increased legal, reputational, operational or concentration risk. (The Customer will have to make a disclosure about any financial / criminal litigations pending against him or will be determined on the basis of Field Investigation report).
25	Suspicious Transaction	<p>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 the proceeds of crime; or</p> <p>(b) appears to be in circumstances of unusual or unjustified complexity; or</p> <p>(c) appears to have no economic rationale or bonafide purpose.</p>

26	Transaction	Purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes: (i) availing of a financial service offered by MOHFL; (ii) any payment made or received in whole or in part of any contractual or other legal obligation; (iii) establishing or creating a legal person or legal arrangement.
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4. CUSTOMER ACCEPTANCE POLICY (CAP)

MOHFL shall lay down a clear Customer Acceptance Policy with explicit criteria for acceptance of customers. The Customer Acceptance Policy shall ensure that explicit guidelines are in place on the following aspects of customer relationship in:

- i) No account to be opened in anonymous or fictitious/ benami name(s)
- ii) No account is opened where MOHFL 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.
- iii) No transaction or account-based relationship is undertaken without following the CDD procedure
- iv) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified
- v) Optional or additional information, is obtained with the explicit consent of the customer after the account is opened
- vi) CDD Procedure is followed for all the joint account holders, while opening a joint account.
- vii) If an existing KYC compliant customer of desires to open another account with us, there shall be no need for a fresh CDD exercise.
- viii) Circumstances in which, a customer is permitted to act on behalf of another person/ entity, is clearly spelt out.
- ix) 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 issued by UN Security Council circulated by National Housing Bank and the sanctions lists circulated by Reserve Bank of India from time to time
- x) Parameters of risk perception to be clearly defined in terms of the location of customer and his clients and mode of payments, volume of turnover, social and financial status, etc. to enable categorization of customers into low, medium and high risk
- xi) Documentation requirements and other information to be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of Prevention of Money Laundering Act, 2002 (Central Act No. 15 of 2003) (hereinafter referred to as PMLA), rules framed there under and guidelines issued from time to time;
- xii) Necessary checks before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, etc.

Implementation of this policy related to customer acceptance, does not result in denial of services to general public especially to those who are financially or socially disadvantaged.

5. RISK PROFILE

MOHFL to devise a procedure for creating Risk Profiles of their new customers based on risk categorization. The Company shall categorize the customers according to the risk perceived to facilitate undertaking due diligence for the purpose of risk categorization. The customer profile shall contain amongst others information relating to the customers identity, social/ financial status, nature of business activity, information about the customers clients' business and their location etc. Further,

the Company shall seek information from its customers which is relevant for the loan and is in conformity to the guidelines. The customers profile with the Company shall remain a confidential document and the information shall not be divulged for cross selling or any other purpose.

MOHFL shall categorize risk profile of individual customers into 3 (three) basic categories in order with the profile. The categories are as below:

Risk Category	Category of Customers
Low Risk	<ol style="list-style-type: none"> 1. Salaried Employee 2. Self Employed Individuals 3. Employees of Government Department & Government Owned Companies 4. Low Risk individuals are those individuals (other than high net worth) and the transactions in whose accounts by and large conform to known profile.
Medium Risk	<ol style="list-style-type: none"> 1. Negative Lists as covered under credit policy 2. Employees of NGOs, Organizations receiving donations 3. Employees of Trust/ Charities/ Societies (Registered Deeds)
High Risk	<ol style="list-style-type: none"> 1. Politically Exposed Persons (PEP) and PEP of foreign origin 2. High Net worth Individuals 3. Non-face to face customers 4. Non-resident customers 5. Persons with dubious reputation as per public information available. 6. Persons whose sources of income are not clear.

The Company shall subject accounts of such customers to intensive due diligence. In the event of an existing customer subsequently becoming a PEP, the Company shall obtain necessary approval of the Senior Management to continue the business relationship with such person and if in the affirmative than the Company to undertake enhanced monitoring at regular period/intervals.

The Company must undertake adequate steps to ensure that the implementation of this policy must not become too restrictive and must not result in denial of the Company's services to general public, especially to those, who are financially or socially disadvantaged.

6. CUSTOMER IDENTIFICATION PROCEDURE

The Company shall follow in letter and spirit the guidelines covered under Rule 9 of the Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, The Procedure and Manner of Maintaining and Time for Furnishing information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 (hereinafter referred to as PML Rules).

Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information to the satisfaction of the Company. MOHFL will obtain sufficient information necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship.

In following cases identification should be done:

- Commencement of an account-based relationship with the customer.
- When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- Selling third party products as agents, selling their own products and any other product for more than rupees fifty thousand.

For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, the Company shall at their **option**, rely on CDD done internally and not outsourced. However optionally CDD by a third party can be considered, subject to the following conditions:

- A. Records or the information of the customer due diligence carried out by the third party is obtained within two days from the third party or from the Central KYC Records Registry.
- B. Adequate steps are taken by the company to satisfy themselves that copies of identification data and other relevant documentation relating to the 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 Prevention of Money-Laundering Act.
- D. The third party shall not be based in a country or jurisdiction assessed as high risk.
- E. The ultimate responsibility for CDD, including done by a third party and undertaking enhanced due diligence measures, as applicable, shall rest with the company.

7. CUSTOMER DUE DILIGENCE PROCEDURE (CDD Process)

- 1) The true identity and bonafide of the existing customers and new potential customers opening accounts with the Company and obtaining basic background information would be of paramount importance.

The Company shall obtain sufficient identification data to verify:

- the identity of customer
- his/her address/location and
- his/her recent photograph.

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

(i) the Aadhaar number where he is desirous of receiving any benefit or subsidy under any scheme notified under Section 7 of the Aadhaar Act, or certified copy of an OVD as mentioned

in the documentation norms for identity and address in Policy Operating Manual containing details of identity and address, and one recent photograph; and

(ii) the Permanent Account Number (PAN) or Form No. 60 as defined in Income-tax Rules, 1962, as amended from time to time.

Explanation 1: Obtaining a certified copy by **the company** shall mean comparing the copy of above so produced by the client with the original and recording the same on the copy by the authorised officer of the Company.

Explanation 2: The submission of Aadhaar by an individual as a KYC document in cases other than mentioned at (i) above cannot be insisted upon. However, the individual, if so desires, may provide the same out of his own volition. Customers, at their option, shall submit one of the above.

Explanation 3: Where the customer is submitting Aadhaar, **the company** shall be guided by Unique Identification Authority of India from time to time as mentioned below:

Verification of Identity of Customers in case of Aadhaar

Company shall verify the identity of customer by;

- a. offline verification under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016); or
- b. use of passport issued under section 4 of the Passports Act, 1967 (15 of 1967); or
- c. use of any other officially valid document or modes of identification as may be notified by the Central Government in this behalf.

Before verification company shall;

- a. obtain the consent of an individual,
- b. ensure that the demographic information or any other information collected from the individual for offline verification is only used for the purpose of such verification, and
- c. Not collect, use, or store an Aadhaar number or biometric information of any individual for any purpose,

Company shall inform the individual, the following details with respect to offline verification, namely:-

- a. the nature of information that may be shared upon offline verification; the uses to which the information received during offline verification; and
- b. alternatives to submission of information requested for, if any.

B. In case the OVD furnished by the customer does not contain updated address, the following documents shall be deemed to be OVDs for the limited purpose of proof of address: -

1. Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
 2. Property or Municipal tax receipt;
 3. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
- C. A customer already having an account-based relationship with the company, shall submit his Permanent Account Number or Form No.60, on such date as may be notified by the Central Government, failing which the account shall temporarily cease to be operational till the time the Permanent Account Number or Form No. 60 is submitted by the customer.

Provided that before temporarily ceasing operations for an account, the company shall give the customer an accessible notice and a reasonable opportunity to be heard. In case of asset accounts such as loan accounts, for the purpose of ceasing the operation in the account, only credits shall be allowed. However, the company may consider relaxation for continued operation of account of customers who are unable to provide permanent account number or Form no 60 owing to injury, illness or infirmity on account of old age or otherwise, and such like causes.

- D. If a customer having an existing account-based relationship with gives in writing to the company that he/ she does not want to submit his/her Permanent Account Number or Form No.60, as the case may be, the customer's account with the Company shall be closed and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer.

MOHFL shall duly inform the customer about this provision while opening the account.

(ii) In addition to the above, the Company must also ask the applicants to give an additional document e.g. a letter from the employer giving the correct address, Bank Statement, credit card statement etc.

(ii) In respect of NRI accounts, introduction and authentication/ verification of signatures shall be made by a bank/Indian embassy/ High Commissioner/ Consulate/ Notary Public/ Persons known to the Company.

2) Accounts of Legal Persons or Entities

(i) The Company must verify the legal status of the legal person/ entity through proper and relevant documents as per **Annexure I**.

(ii) The Company must verify the identity of any person purporting to act on behalf of the legal person/entity and whether he/ she is so authorized and understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person.

(iii) In case of client accounts opened by a professional intermediary the Company shall not only identify the client / beneficial owner but also satisfy itself that the intermediary is regulated and supervised and has adequately system in place to comply with KYC norms.

(v) In the case of non-face-to-face customers, apart from applying the usual customer identification procedures, adequate care must be taken to mitigate the higher risk involved. Certification of all the

documents presented must be insisted upon and, if necessary, additional documents may be called for.

Also in such cases, the company shall ensure that the first payment is to be effected through the customer's KYC-complied account.

(vi) For various types of non-individual the documents stated against their names in KYC Checklist/ Policy for KYC and any other documents/ introduction that the Company feels necessary to comply with KYC guidelines shall be obtained for identification.

8. MONITORING OF TRANSACTIONS:

The Company must pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. The Company must also have understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity in order to effectively control and reduce the risk. Transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer should be noted and must be reported to the Corporate Office.

High-risk accounts have to be subjected to intensified monitoring. The Company will put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures. The Company will ensure that a record of transactions in the accounts is preserved and maintained as required in terms of section 12 of the Prevention of Money Laundering Act (PML) Act, 2002. It may also be ensured that transactions of suspicious nature and/or any other type of transaction notified under section 12 of the PML Act, 2002, is reported to the appropriate law enforcement authority, within the stipulated time frame.

The Company must ensure that proper records of all cash transactions of Rs. 10 lakhs (Rupees Ten Lakhs) and above. The branches must report such transactions and other transactions of suspicious nature to the Corporate Office of the Company on a fortnightly basis.

The cash transactions to be monitored in the following manner:

The transactions involving cash withdrawals and/ or cash deposits for Rs.10 lacs and above or Rupee equivalent in Foreign Currency in deposit or loan accounts as well as all series of cash transactions integrally connected 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; to be monitored closely by the branches and the record of details of such transactions to be kept in separate register and must be reported to the Principal Officer.

Suspicious Transactions means a 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 the proceeds of crime; or
- appears to be made in circumstances of unusual or unjustified complexity; or
- Appears to have no economic rationale or bonafide purpose.

All the transactions of suspicious nature as provided by NHB in its circular no NHB/ND/DRS/Policy Circular No. 94/2018-19 dated March 11, 2019 irrespective of any monetary ceiling (whether more

than ten lakh or not), whether or not made in cash shall be reported to the Principal Officer of the Company. The reporting formats of suspicious transactions are attached to the Circular No. NHB (ND)/DRS/ POL-No-14 /2006 dated July 25, 2006.

9. RISK MANAGEMENT AND ON GOING DUE DILIGENCE

MOHFL shall ensure that adequate measures are taken to cover proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility should be explicitly allocated within the Company for ensuring that the companies' policies and procedures are implemented effectively.

The Company must also devise procedures for creating Risk Profiles of their existing and new customers and apply various Anti Money Laundering measures keeping in view the risks involved in a transaction, account or business relationship.

The Company shall categorize the customers according to the risk perceived to facilitate undertaking due diligence for the purpose of risk categorization. The details have already been mentioned under section 5 above.

The Internal Auditors of the Company shall be well versed with the KYC policies and must ensure adherence to the KYC procedures. The compliance of the KYC guidelines and the specific cases of violation must be put before the Audit Committee of the Board at regular intervals.

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

The Company shall take adequate measures to educate the customer on the objectives of the KYC programme, especially at the time of obtaining sensitive or personal information from the customers. Wherever the Company desires to collect any information about the customer for the purpose other than KYC requirement, it shall not form part of the account opening form. Such information to be collected separately, purely on a voluntary basis in a form prescribed by the Company after explaining the objective to the customer and taking the customer's express approval for the specific uses to which such information could be put. The front desk staff must be specially trained to handle such situations while dealing with customers. The Company shall also take care to see that implementation of the KYC guidelines in respect of customer acceptance, identification etc. do not result in denial of opening of new accounts and housing services to general public.

10. PERIODIC UPDATION

Periodic KYC 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 as per the following procedure:

- a. MOHFL shall carry out

1. PAN verification from the verification facility available with the issuing authority and
2. Authentication of Aadhaar Number already available with the Company with the explicit consent of the customer in applicable cases.
3. In case identification information available with Aadhaar does not contain current address an OVD containing current address may be obtained
4. Certified copy of OVD containing identity and address shall be obtained at the time of periodic updation from individuals except those who are categorized as 'low risk'. In case of low risk customers when there is no change in status with respect to identities and addresses, certification to that effect shall be obtained.
5. In case of Legal entities, the Company shall review the documents sought at the time of opening of account and obtain fresh certified copies.
 - may not insist on the physical presence of the customer for the purpose of furnishing OVD or furnishing consent for Aadhaar authentication unless there are sufficient reasons that physical presence of the account holder/holders is required to establish their bona-fides. Normally, OVD / Consent forwarded by the customer through mail/ post, etc., shall be acceptable.
 - MOHFL shall ensure to provide acknowledgment with date of having performed KYC updation.
 - The time limits prescribed above would apply from the date of opening of the account's last verification of KYC.

11. MAINTENANCE OF TRANSACTIONS

MOHFL shall introduce a system of Maintenance of records & a consolidated record for all the branches taken together at the registered office of the Company, of the transactions (nature & value), in such form & for such period as specified under the Rule 3 of Prevention of Money- laundering (Maintenance Records) Rules, as mentioned below:

1. all cash transactions of the value of more than Rupees Ten lacs or its equivalent in foreign currency.
2. all series of cash transactions integrally connected to each other which have been valued below Rupees Ten lacs 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 lacs;

3. all transactions involving receipts by non-profit organizations of Rupees Ten lacs or its equivalent in foreign currency;
4. 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 or a document has taken place facilitating the transactions; and
5. all suspicious transactions whether or not made in cash and by way of as mentioned in the Rule 3(1) (D).

i) It shall maintain all necessary information in respect of transactions prescribed under Rule 3 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, to permit reconstruction of individual transaction, including the following:

- a) The nature of the transactions
- b) The amount of the transaction & the currency in which it was denominated
- c) The date on which the transaction was conducted, and
- d) The parties to the transaction.

MOHFL should take appropriate steps to evolve a system for proper maintenance and preservation of information in a manner (in hard/soft copies) that allows information to be retrieved easily and quickly whenever required or requested by the competent authorities

12. INTRODUCTION OF NEW TECHNOLOGIES

MOHFL shall pay special attention to any threats that may arise from new or developing technologies in the implementation of the policy including on-line transactions that might favour anonymity, and take measures, if needed, to prevent their use in money laundering schemes.

13. COMPLIANCE WITH KYC/AML POLICY THROUGH SENIOR MANAGEMENT

The Company ensures strict adherence to the provisions as specified in KYC/AML Policy. Compliance Head is responsible to ensure effective implementation of policy and procedures including legal and regulatory requirements.

Internal Audit Auditors will check the level of compliance to KYC /AML policy while doing file level audit and shall submit its report on quarterly basis to Audit Committee of the Board.

14. APPOINTMENT OF DESIGNATED DIRECTOR

MOHFL shall appoint 'Designated Director' who will be responsible for overall compliance with the obligation imposed under Chapter IV of the PML Act.

15. APPOINTMENT OF PRINCIPAL OFFICER

MOHFL shall appoint 'Principal Officer' who will be responsible for reporting all transactions and sharing of information. He/ She will also be responsible to ensure that proper steps are taken to fix accountability for serious lapses and intentional contraventions of the KYC guidelines.

16. RECORDS TO CONTAIN THE SPECIFIED INFORMATION

MOHFL shall ensure that the records referred in Rule 3 of the PML Rules contain the following information:

- the nature of the transactions,
- the amount of the transaction and the currency in which it was denominated,
- the date on which the transaction was conducted and
- the parties to the transaction.

17. MAINTENANCE AND PRESERVATION OF RECORDS

In accordance with Section 12 of PMLA, the Company shall take appropriate steps to 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. Further, the Company must also preserve and maintain all necessary records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, utility bills etc.) obtained while opening the account and during the course of business relationship for at least Ten Years from the date of cessation of transaction between the Company and the customer, so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

18. FURNISHING OF INFORMATION TO THE DIRECTOR, FINANCIAL INTELLIGENCE UNIT - INDIA (FIU-IND):

(i) In terms of the provisions of the Rule 8 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. The Company shall, inter-alia, furnish to the Director, FIU-IND, within such time and in such form, the information in respect of transactions as referred under sub-rule (1) of rule 3 of the said Rules.

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

The Company must strictly comply with all formalities including timely submission of all applicable report and returns in the prescribed format with regards to cash & suspicious transaction qualifying under PML Rules directly to FIU-IND through the designated Principal Officer(s) of the Company, there is no need for submission of NIL reports.

Further, the Company and its employees shall maintain strict confidentiality of the fact of furnishing/reporting details.

19. REPORTING REQUIREMENT UNDER FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) AND COMMON REPORTING STANDARDS (CRS) INSTITUTION AS DEFINED IN

INCOME TAX RULE 114F AND IF SO, SHALL TAKE FOLLOWING STEPS FOR COMPLYING WITH THE REPORTING REQUIREMENTS

1. 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.
2. Submit online reports by using the digital signature of the 'Designated Director' by either uploading the Form 61 B or 'NIL' report, for which, the schema prepared by Central Board of Direct Taxes (CBDT) shall be referred to.

Explanation – HFCs 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 of Income Tax Rules.

3. Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H of Income Tax Rules.
4. Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules.
5. Constitute a "High Level Monitoring Committee" under the Designated Director or any other equivalent functionary to ensure compliance.
6. 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.
7. In addition to the above, other United Nations Security Council Resolutions (UNSCRs) circulated by the Reserve Bank in respect of any other jurisdictions/ entities from time to time shall also be taken note of.

OTHER RESPECTIVE MEASURES:**20. SECRECY OBLIGATIONS AND SHARING OF INFORMATION:**

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

21. SHARING KYC INFORMATION WITH CENTRAL KYC RECORDS REGISTRY (CKYCR)

The Company shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the 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. MOHFL is required to upload the Know Your Customer (KYC) data with CERSAI in respect of new individual accounts opened on or after November 01, 2016.

22. HIRING OF EMPLOYEES & EMPLOYEE TRAINING

1. Adequate screening mechanism as an integral part of their personnel recruitment/hiring process should be put in place.
2. On-going employee training programme should be put in place so that the members of staff are adequately trained in KYC/ AML Measures policy. The focus of the training should be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff should be specially trained to handle issues arising from lack of customer education. Proper staffing of the audit function with persons adequately trained and well-versed in KYC/ AML Measures policies of MOHFL, regulation and related issues should be ensured.

23. SELLING THIRD PARTY PRODUCTS

MOHFL acting as agents while selling third party products shall comply with the applicable laws/regulations, including system capabilities for capturing, generating and analyzing alerts for the purpose of filing CTR/STR in respect of transactions relating to third party products with customers. Adherence to Know Your Customer (KYC) guidelines by MOHFL and persons authorized by the same INCLUDING BROKERS/AGENTS ETC.

24. ADHERENCE TO KNOW YOUR CUSTOMER (KYC) GUIDELINES BY HFCS AND PERSONS AUTHORIZED BY HFCS INCLUDING BROKERS/AGENTS ETC.

1. Persons authorized by the Company for collecting deposits and/ or selling loan related products, their brokers/ agents or the like, shall be fully compliant with the KYC guidelines applicable to the Company.
2. All information shall be made available to the National Housing Bank to verify the compliance with the KYC guidelines and accept full consequences of any violation by the persons authorized by the Company including brokers / agents etc. who are operating on their behalf should ensure that the provisions of the PML Act, Rules framed thereunder and the Foreign Contribution (Regulation) Act, 2010, applicable, are adhered to strictly.

Where MOHFL is unable to apply appropriate KYC measures due to non-furnishing of information and / or non-cooperation by the customer, the Company may consider closing the account or terminating the business relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decisions need to be taken at a reasonably senior level.

Annexure-I

LIST OF DOCUMENTS ACCEPTED AS PROOF OF IDENTITY, PROOF OF ADDRESS AND SIGNATURE PROOF

Sr. No.	Customer Type and Documents Required
1.	<p>Resident Individuals</p> <p>A) Permanent Account Number (with photo and signature) or Form 60</p> <p><u>One certified copy of an Officially Valid Document (OVD”) containing details of his/ her identity for Legal name, and any other names used and address:</u></p> <p>(i.) Proof of possession of Aadhaar number in such form as are issued by the Unique Identification Authority of India*</p> <p>(ii.) Valid Indian Passport (with photo and signature)</p> <p>(iii.) Valid Voter’s ID card issued by the Election Commission of India</p> <p>(iv.) Valid Permanent Driving License (with photo and signature)</p> <p>(v.) Job card issued by NREGA duly signed by an officer of the State Government</p> <p>(vi.) the letter issued by the National Population Register containing details of name and address</p> <p style="text-align: center;">* Where Aadhaar number is submitted by the customer, it should be ensured that such customer redact or blackout his / her Aadhaar number through appropriate means</p> <p>In case of OVD furnished by the customer does not contain updated address, the following documents shall be deemed to be OVD for limited purpose of proof of address:—</p> <p>(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);</p> <p>(b) Property or Municipal tax receipt;</p> <p>(c) 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>(d) 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</p> <p>(e) Documents issued by Government departments of foreign jurisdictions or letter issued by Foreign Embassy or Mission in India.</p>

Provided that the customer shall submit updated OVD with current address within a period of three months of submitting the above documents.

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 OVD 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.

Following documents may be obtained in addition to OVD subject to the satisfaction of the Company:

- (i.) Property (including land) registration document containing photograph, name, signature and address
- (ii.) ID cards issued by Central Govt. / State Govt., / Public Sector Undertaking / Defence.
- (iii.) Letter from employer (subject to satisfaction of the Company)

Following documents may be obtained in addition to the above, subject to the satisfaction of the Company:

- (i.) Housing Society bill, Electricity bill, Water Tax challan, Land Line Telephone bill / WLL Connection, Gas Connection Bill
- (ii.) Bank Certification/Statement duly certified by the Bank in original (scheduled commercial bank) bearing address of the applicant. Letter in original on Bank's letterhead bearing the authorizing officer's name and signature along with the stamp of the bank.
- (iii.) Copy of leave/ lease and license agreement in the individual name, which are not expired along with utility bill in the name of land lord / owner.
- (iv.) For co-applicants not having OVD documents with permanent address, valid relationship proof may be taken to the satisfaction of the HFC.
- (v.) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of HFC.
- (vi.) For defence service employees, defence serving certificate to be obtained to the satisfaction of HFC.

C) One recent passport size photograph except in case of transactions referred to in Rule 9(1)(b) of the PML rules

D) Signature Proof: Any of the following documents should be collected as Signature Proof

- a) Valid Indian Passport
- b) Valid PAN card
- c) Valid Permanent Driving license

	<p>d) Banker's letter/ verification letter/ ECS verification in original on Bank's letter head bearing the authorizing officer's name and signature along with the stamp of the bank. In case the Bank refuses to give the signature verification on the Bank's letter head, then Signature/ ECS verification shall be obtained in the format prescribed for the said purpose.</p> <p>f) Valid Ration Card with signature</p> <p>g) Property registration document containing photograph, name, signature and address</p>
<p>2.</p>	<p>Non-Resident Individual (For non face-to-face NRI Customers- The documents shall be taken as per the NRI grid. However, the procedure given under Customer Identification procedure has to be followed)</p> <p><u>A) One recent passport size photograph</u></p> <p><u>B) Mandatory Documents</u></p> <p>a) Attested photocopy of the relevant pages of prospective Customer's current passport where his/her name, address, date of birth, date & place of issue, expiry date, photograph, signature & stamp regarding stay outside India appear</p> <p>b) Photocopy of valid work permit / employment visa (in case of expired visas, duly acknowledged petitions made to the Visa authorities for renewal visas will be accepted as a valid document)</p> <p><u>C) Address in India</u></p> <p>a) Address proof to be collected as per the list of documents given above for resident individual</p> <p>b) Letter from employer (subject to satisfaction of the Company)</p> <p>In case of OVD furnished does not contain the details of address, in such case the documents issued by the Government department of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address. However, he customer shall submit updated OVD with current address within a period of three months of submitting the above documents.</p> <p><u>D) Overseas address</u></p> <p>a) Any two government issued documents with your overseas address</p> <p>b) Latest utility bill (telephone/electricity bill) supported by a lease rental agreement (If bill is in Landlord's name) OR an employer's confirmation and the employment contract (if bill is in the employer's name)</p> <p>c) Overseas Insurance Policy/ Any Medical Insurance Card carrying name and current address</p> <p>d) Three consecutive statements of an account with another bank/credit card company (including latest statement) in the place of domicile</p> <p><u>E) Signature Proof</u> As per the list of documents given for resident individuals above</p>

3.	<p>For opening accounts of juridical persons not specifically covered in the earlier part, such as Government or its Departments, societies, universities and local bodies like village panchayats, one certified copy of the following documents shall be obtained:</p> <ul style="list-style-type: none"> a.) Document showing name of the person authorised to act on behalf of the entity; b.) PAN c.) OVD for proof of identity and address in respect of the person holding an attorney to transact on its behalf and d.) Such documents as may be required by the HFC to establish the legal existence of such an entity/ juridical person
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ANY OF THE FOLLOWING DOCUMENTS SHOULD BE COLLECTED IN ADDITION TO THE PERMANENT ADDRESS AS CURRENT ADDRESS PROOF OF THE NON - INDIVIDUAL CUSTOMERS:

- 1) Letter from existing Banker (Scheduled Commercial Bank). Letter has to be obtained in original. Existing Banker must verify name and address of the entity preferably on Bank's letterhead.
- 2) Bank statement of account or Pass Book in name of applicant with existing Banker (Scheduled Commercial Bank) bearing the account holder's address in original (scheduled commercial bank) bearing address of the applicant. Letter in original on Bank's letterhead bearing the authorizing officer's name and signature along with the stamp of the bank.
- 3) Latest copy of utility bill (2 bills required - bill of the last completed month and one of 6 month before the last completed month)
- 4) Latest (not more than 15 months old) premium receipt of General Insurance. If the premium receipt is more than 12 months old, renewal advice from the insurance company is mandatory.
- 5) Certificate of Practice issued by professional bodies such as ICAI/ ICSI/ ICWAI in the mane of the firm.