

## **Know Your Customer Policy – Akara Capital Advisors Private Limited**

In terms of the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, The Company, Akara Capital Advisors Private Limited, follows certain customer identification procedure while undertaking a transaction either by establishing an account based relationship or otherwise and monitor their transactions.

### **CHAPTER – I PRELIMINARY**

#### **1. Introduction**

(a) This policy is in line with RBI Master Direction – Know Your Customer (KYC) Direction, 2016 (No. RBI/DBR/2015-16/18 Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 and Amendment to the Master Direction(MD) on KYC dated May 10, 2021 No. RBI/2021-22/35 DOR.AML.REC.No.15/14.01.001/2021-22

(b) This policy shall be amended / updated from time to time based on extant RBI guidelines / Master Directions, and shall be approved by the Board of Akara Capital Advisors Private Limited.

#### **2. Applicability**

(a) The provisions of this policy shall apply to the business of Akara Capital Advisors Private Limited, conducted through digital and / or offline channels.

(b) This policy shall also apply to those branches and majority owned subsidiaries of the Company including those located abroad, to the extent they are not contradictory to the local laws in the host country.

#### **3. Definitions**

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

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

- i. “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.
- ii. Beneficial Owner (BO)

a. Where the **customer is a company**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, 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 25 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 15 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 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. iii. "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.

iv. "Designated Director" means a person designated by the Company to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall include:-

a. the Managing Director or a whole-time Director, duly authorized by the Board of Directors, if the Company is a company,

b. the Managing Partner, if the Company is a partnership firm,

c. the Proprietor, if the Company is a proprietorship concern,

d. the Managing Trustee, if the Company is a trust,

- e. a person or individual, as the case may be, who controls and manages the affairs of the Company, if the Company 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.

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.

v. "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 8 of the Companies Act, 2013.

vi. "Officially valid document" (OVD) means the passport, the driving licence, 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.

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

Provided that where "simplified measures" are applied for verifying the identity of the customers the following documents shall be deemed to be OVD:

1. 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;
2. Letter issued by a Gazetted officer, with a duly attested photograph of the person.

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 :

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. Bank account or Post Office savings bank account statement;
4. Pension or family Pension Payment Orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;

5. 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
6. Documents issued by Government departments of foreign jurisdictions or letter issued by Foreign Embassy or Mission in India.

vii. "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).

viii. "Principal Officer" means an officer nominated by the Company, responsible for furnishing information as per rule 8 of the Rules. ix. "Suspicious transaction" means a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith,:

- a. gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
- b. appears to be made in circumstances of unusual or unjustified complexity; or
- c. appears to not have economic rationale or bona-fide purpose; or
- d. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Explanation: Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organization or those who finance or are attempting to finance terrorism.

x. A "Small Account" means a savings account in which:

- a. the aggregate of all credits in a financial year does not exceed rupees one lakh;
- b. the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and

c. the balance at any point of time does not exceed rupees fifty thousand.

xi. "Transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:

a. opening of an account;

b. deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;

c. the use of a safety deposit box or any other form of safe deposit;

d. entering into any fiduciary relationship;

e. any payment made or received, in whole or in part, for any contractual or other legal obligation; or

f. establishing or creating a legal person or legal arrangement. xii. The meaning of "Account" includes loan accounts that take customer deposit for the purpose of repayment of loan taken by the said customer.

xiii. The term "Partner Bank" shall indicate an RBI regulated banking institution with which the Company has entered into business agreement.

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

i. "Common Reporting Standards" (CRS) means reporting standards set for implementation of multilateral agreement signed to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters.

ii. "Customer" means a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting. iii. "Walk-in Customer" means a person who does not have an account based relationship with the Company, but undertakes transactions with the Company.

iv. "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".

v. "Customer identification" means undertaking the process of CDD. vi. "FATCA" means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest. vii. "IGA" means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA. viii. "KYC Templates" means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.

ix. "Non-face-to-face customers" means customers who open accounts without visiting the branch/offices of the Company or meeting the officials of Company.

x. "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.

xi. "Periodic Updation" means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank.

xii. "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.

xiii. The "Company" refers to Akara Capital Advisors Private Limited

xiv. "Simplified procedure" means the procedure for undertaking customer due diligence in respect of customers, who are rated as low risk by the Company 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.

xv. "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.

xvi. "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. xvii. "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 a transaction is cross-border wire transfer.

xvii. “V-CIP” - Video based Customer Identification Process (V-CIP) is 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.

(c) 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.

#### **CHAPTER – II General**

4. This KYC policy shall be approved by the Board of Directors of the Company.
5. The KYC policy shall include following four key elements:
  - a. Customer Acceptance Policy;
  - b. Risk Management;
  - c. Customer Identification Procedures (CIP);
  - d. Monitoring of Transactions
6. Designated Director:
  - a. A “Designated Director” shall be nominated by the Board.
  - b. In no case, the Principal Officer shall be nominated as the 'Designated Director'.
7. Principal Officer:

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

## 8. Compliance of KYC policy

The Company shall ensure compliance with KYC Policy through:

- a. Specifying as to who constitute „Senior Management“ for the purpose of KYC compliance.
- b. Allocation of responsibility for effective implementation of policies and procedures.
- c. Independent evaluation of the compliance functions of Company“ policies and procedures, including legal and regulatory requirements.
- d. Concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures.
- e. Submission of quarterly audit notes and compliance to the Audit Committee.

### **CHAPTER – III Customer Acceptance Policy**

9.The Customer Acceptance Policy as prepared by the Company is mentioned in this chapter.

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

- a. No account is opened in anonymous or fictitious/benami name.
- b. Each customer is assigned a unqie customer ID that serves as the Unique Customer Identification Code
- c. No account is opened where the Company 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.
- d. No transaction or account based relationship is undertaken without following the CDD procedure.
- e. The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.
- f. „Optional“/additional information, is obtained with the explicit consent of the customer after the account is opened.
- 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.



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

#### **CHAPTER – IV Risk Management**

12. For Risk Management, Company 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 Company.
- 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, Customer's credit history, 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.

#### **Chapter V Customer Identification Procedure (CIP)**

13. The Company 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 Company 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.

14. For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, Company, shall at their option, rely on customer due diligence done by a third party, subject to the following conditions:

- a. Necessary information of such customers' due diligence carried out by the third party is immediately obtained by Company.

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

15. While undertaking customer identification, Company shall ensure that :

- a. Each undertaking shall be run through customer deduplication check i.e. customer details are matched against a hierarchical model of deduplication- Level 1: based on demographics and communication attributes such as Name, Date of Birth, Gender, Mobile Number, Email Address; Level 2 (if Level 1 is crossed): based on documentary attributes such as PAN Number, Aadhaar Number, etc.
- b. Decision-making functions of determining compliance with KYC norms shall not be outsourced.
- c. Introduction shall not be sought while opening accounts.
- d. The customers shall not be required to furnish an additional OVD, if the OVD submitted by the customer for KYC sufficiently serve as both proof of identity and proof of address.
- e. A customer shall be required to furnish separate proof of current address, if it is different from the address recorded in the OVD.
- f. In case it is observed that the address mentioned as per „proof of address“ has undergone a change, Company shall ensure that fresh proof of address is obtained within a period of six months.

## **Chapter VI Customer Due Diligence (CDD) Procedure**

### **Part I - CDD Procedure in case of Individuals**

16. Company shall obtain the following documents from an individual while establishing an account based relationship:
- a. one copy of PAN card;
  - b. one certified copy of an OVD as mentioned at Section 3(a)(vi) of Chapter I, containing details of identity current address;
  - c. one recent photograph (in digital / electronic form);
  - d. any other document as specified by the Company in their KYC policy.

The information collected from customers for the purpose of taking a loan shall be treated as confidential and details thereof may be divulged to agencies/ bureaus for the purpose of credit history verification and / or background checks. Original documents shall be seen by the Company representative and pictures of original documents shall be captured in

the Company authorized system / app; self attested copies of all documents shall be collected.

17. Company shall print/download directly, the prospective customer's e-Aadhaar letter from the UIDAI portal, if such a customer knows only his/her Aadhaar number or if the customer carries only a copy of Aadhaar downloaded from a place/source elsewhere, provided, the prospective customer is physically present in the branch of the Company.

18. 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.

19. 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 subsection 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.

20. In cases where a customer categorised as „low risk“, expresses inability to complete the documentation requirements on account of any reason that the Company consider to be genuine, and where it is essential not to interrupt the normal conduct of business, Company shall, at their option, complete the verification of identity of the customer within a period of six months from the date of establishment of the relationship.

21. In respect of customers who are categorised as „low risk“ and are not able to produce any of the OVDs mentioned at Section 3(a)(vi) of Chapter I and where „simplified procedure“ is applied, Company shall, accept any one document from each of the two additional sets of documents listed under the two provisos of sub-Rule 2(1)(d).

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 Company shall obtain one of the six OVDs listed at Section 3(a)( vi) of these Directions for proof of identity and proof of address immediately. In the event such a customer fails to submit such an OVD, Company shall initiate action as envisaged in Section 39 of these Directions.

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

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

- a. A system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.
- b. The transactions in accounts of marketing firms, especially accounts of Multilevel Marketing (MLM) Companies shall be closely monitored.

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

### **23. 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:

- a. 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 selfcertification to that effect is obtained.
- b. 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.
- c. Physical presence of low risk customer at the time of periodic updation shall not be insisted upon.
- d. The time limits prescribed above would apply from the date of opening of the account/ last verification of KYC.
- e. Fresh photographs shall be obtained from customer for whom account was opened when they were minor, on their becoming a major.
- f. e-KYC process using OTP (OKYC) based authentication, for the purpose of periodic updation is allowed, provided, while onboarding, the customer was subjected to KYC process as specified in Section 16 or Section 17.

## **Chapter VII Record Management**

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

- (a) maintain all necessary records of transactions between the Company 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**

25. Upon request from Partner Bank(s), the Company shall furnish details to the Bank, in format specified by the Bank, for the purpose of furnishing details 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.

#### **Chapter IX Other Instructions**

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

- (a) The Company shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the Company and customer.
- (b) While considering the requests for data/information from Government and other agencies, the Company shall satisfy itself 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.
- (c) 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.

**27. CDD Procedure, V-CIP Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)**

- a) The Company, upon request from the Partner Bank(s), shall share the requisite KYC details for the purpose of sharing the said details with CKYCR.
- b) The authorised official while 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:
  1. OTP based Aadhaar e-KYC authentication (OKYC)
  2. Offline Verification of Aadhaar for identification
  3. KYC records downloaded from CKYCR, in accordance with Section 56, using the KYC identifier provided by the customer
  4. Equivalent e-document of Officially Valid Documents (OVDs) including documents issued through DigiLocker

**28. Collection of Account Payee Cheques**

Account payee cheques for any person other than the payee constituent shall not be collected.

**29. 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 Company 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.

**30. 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.

**31. Selling Third party products**

The Company while acting as agents 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 Company" 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.

### **32. 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.

### **33. 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 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. Proper staffing of the audit function with persons adequately trained and well-versed in AML/CFT policies of the Company, regulation and related issues shall be ensured.