

KYC POLICY

Introduction

The Reserve Bank of India (RBI) has issued comprehensive 'Know Your Customer' (KYC) Guidelines to all Non-Banking Financial Companies (NBFCs) in the context of the recommendations made by the Financial Action Task Force (FATF), Anti Money Laundering (AML) standards and Combating Financing of Terrorism (CFT) policies, as these being used as the International Benchmark for framing the stated policies, by the regulatory authorities. In view of the same, ANSON FINCORP PRIVATE LIMITED has adopted the said KYC guidelines with suitable modifications depending on the activity undertaken by it. The Company has ensured that a proper policy framework on KYC and AML measures to be formulated in line with the prescribed RBI guidelines of **RBI Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016** and put in places duly approved by its Board of Directors.

Definitions:

- a) A 'Customer' means a person as defined under KYC policy of RBI (and any amendment from time to time by RBI) which are at present as under:-
 - i. A person who is engaged in a financial transaction or activity with a Regulated Entity (RE) and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
 - ii. "Walk-in Customer" means a person who does not have an account-based relationship with the RE, but undertakes transactions with the RE.
- b) AFPL/RE means Anson Fincorp Private Limited.
- c) KYC Policy shall mean Know Your Customer Policy as stated in this policy.
- d) AML stands for Anti-Money Laundering
- e) CFT stands for Combating the Financing of Terrorism.
- f) CAP stands for Customer Acceptance Policy as stated in this Policy.
- g) RBI stands for Reserve Bank of India.
- h) CIP Stands for Customer Identification Procedure as stated in this policy.

- i) CDD stands for Customer Due Diligence Procedure as stated in this policy.
- j) UCIC stands for Unique Customer Identification Code.

Objectives, Scope and Application of the Policy:

The objective of KYC guidelines is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities or terrorist financing activities. KYC procedures shall also enable the Company to know and understand its Customers and its financial dealings better which in turn will help to manage its risks prudently. Thus, the KYC policy has been framed by the Company for the following purposes:

- To prevent criminal elements from using AFPL for money laundering activities
- To enable AFPL to know/ understand its customers and their financial dealings better which, in turn, would help the Company to manage risks prudently.
- To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws/laid down procedures.
- To comply with applicable laws and regulatory guidelines.
- To ensure that the concerned staff are adequately trained in KYC/AML/CFT procedures. This KYC Policy is applicable to all offices (if any) of AFPL and is to be read in conjunction with related operational guidelines issued from time to time.

This Policy includes the following key elements:

- I. Customer Acceptance Policy (CAP)
- II. Customer Identification Procedures (CIP)
- III. Customer Due Diligence Procedure (CDD procedure)
- IV. Risk management
- V. Training Program
- VI. Internal Control Systems
- VII. Record Keeping
- VIII. Appointment of Principal Officer
- IX. Reporting to Financial Intelligence Unit – India
- X. General
- XI. Compliance of KYC Policy
- XII. Other Operating Instructions
- XIII. Revision of Policy

Key elements:

I. Customer Acceptance Policy (“CAP”)

1. Customer Acceptance policy (CAP) lays down the criteria for acceptance of customers. The guidelines in respect of the customer relationship in AFPL broadly includes the following:
 - a) No account is to be opened in anonymous or fictitious/benami name(s)/entity(ies)
 - b) Accept customers only after verifying their identity, as laid down in Customer Identification Procedures as stated in the Customer Identification Policy. Necessary checks before opening a new

account are to be ensured so 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.

- c) No transaction or account based relationship is undertaken without following the Customer Due Diligence Procedure.
 - d) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation shall be as stated in the Customer Identification Policy. 'Optional'/additional information is obtained with the explicit consent of the customer after the account is opened.
 - e) CDD procedure shall be followed for all joint account holders while opening a joint account.
 - f) A Unique Customer Identification Code (UCIC) shall be allotted to new and existing customers. AFPL shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of AFPL desires to open another account with AFPL, there shall be no need for a fresh CDD exercise.
 - g) PAN and digital documents obtained from the customer shall be validated with relevant authorities.
 - h) AFPL shall categorize the customers into various categories based on the risk.
 - i) Politically Exposed Persons shall be treated as High Risk Category customer and the decisions pertaining to the opening of account for such persons shall be taken at senior level of Management i.e. General Manager and above level.
 - j) Implementation of CAP should not become too restrictive and result in denial of the AFPL's services to general public, especially those who are financially or socially disadvantaged.
 - k) Customers below the age of 21 years shall not be accepted as per the policy of the Company.
2. The Company shall prepare a profile for each new customer during the credit appraisal based on risk categorization as mentioned in this policy. The customer profile shall contain the information relating to the customer's identity, social/financial status, nature of business activity, information about his clients' business and their location, etc. The nature and extent of due diligence will depend on the risk perceived by AFPL. At the time of credit appraisal of the applicant the details are recorded along with his profile based on meeting with the applicant (by AFPL's representative) apart from collection of applicable document, this will be as per the Credit/ products norms as may be in practice. However, while preparing customer profile, the Company shall seek only such information from the customer which is relevant to the risk category and is not intrusive. Any other information from the customer should be sought separately with his/her consent and after opening the account. The customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or for any other purposes.

3. As per KYC policy, for acceptance and identification, Customers shall be categorized based on perceived risk broadly into three categories – **A, B & C.**

Category A	High Risk Category
Category B	Medium Risk Category
Category C	Low Risk Category

None of the entities will be exempted from KYC procedure, irrespective of the status and relationship with Company or promoter. The above requirement may be moderated according to the risk perception.

II. Customer Identification Procedures (“CIP”)

Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source of documents, data or information as stated in **CDD**. AFPL shall obtain sufficient information necessary to verify the identity of each new customer along with brief details of its promoters and management, wherever applicable, whether regular or occasional and the purpose of the intended nature of Business relationship. A broad guideline for the Customer Identification is given below:

AFPL shall ensure customer identification process is undertaken in the following cases:

- i. Commencement of an account-based relationship with the customer.
- ii. When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- iii. 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.
- iv. When the AFPL 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.

III: CUSTOMER DUE DILIGENCE PROCEDURE (CDD)

A. In case of Individuals:

For undertaking CDD of individuals the AFPL shall obtain the following from an individual while establishing an account based relationship:

- a. Officially valid documents as stated in **Annexure-1** containing the details of proof of their identity and address.
- b. One recent photo captured in the system through the software.
- c. Permanent Account Number (PAN) or form 60 as defined in Income Tax Rules 1962 and;
- d. Such other documents pertaining to the financial status or nature of business specified in this policy.

AFPL may carry out offline verification of customers if they are desirous of undergoing Aadhaar offline verification for identification purposes. Wherever Aadhaar details are collected, it shall be ensured that customers have redacted or blacked out their Aadhaar numbers through appropriate means. The e-KYC service of Unique Identification Authority of India (UIDAI) shall be accepted as a valid process for KYC verification.

B. Customer due diligence by third party

In compliance of the KYC regulations, AFPL may rely on the customer due diligence done by third parties, which are regulated entities, for verifying identity of customers at the time of commencement of account based relationship, subject to the following conditions.

- a) Records or information of the customer due diligence carried out by the third party is obtained within 2 days from the third party or from Central KYC Records Registry.
- b) AFPL is satisfied that copies of the identification data and other relevant documents relating to the customer due diligence requirements will be available from the third party up on request without delay.
- c) The third party is regulated, supervised or monitored and has capabilities to comply with the customer due diligence and record keeping requirements as prescribed in the Prevention of Money Laundering Act.
- d) The third party shall not be based in a country or jurisdiction assessed as high risk.

The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable will be that of AFPL. (Description of Regulated entities are given in **Annexure 2**)

C. SIMPLIFIED PROCEDURES FOR SMALL VALUE GOLD LOANS:

For customers with aggregate loans below Rs.0.50 lakh, Proof of Identity alone will be sufficient provided the customer gives full and complete address in the loan application form and his telephone number is confirmed by the branches to be correct.

If a person is unable to produce identity documents as mentioned in **Annexure I** (ie, any of OVDs), interim / Temporary KYC documents such as Labour card, Civil ID card, Credit Card, Employer Company ID card, LIC card, State ID card, Bank Pass Book, etc. may be accepted subject to the following conditions:

- a. The customer shall provide a self-attested photograph of the customer.
- b. Branch Head shall certify under his/her signature that the customer has affixed his signature or thumb impression in his presence.
- c. The account shall remain operational initially for 12 months, within which the customer must furnish his identity documents for conducting CDD as mentioned in para III. Customer shall be suitably informed at the time of starting the relationship.
- d. Maximum outstanding shall not exceed Rs 0.50 Lakh in all their accounts taken together at any point of time and the total credit in all the accounts taken together shall not exceed Rs. 1.00 lakh in a year.
- e. The customer shall be made aware that no further transaction will be permitted until full KYC procedure is completed in case of condition no. d. above is breached.
- f. Regularization of Interim/Temporary KYC: In order not to inconvenience the customer, the AFPL shall notify the customer when the balance reaches rupees forty thousand (Rs. 40,000/-) or the total credit in a year reaches rupees eighty thousand (Rs. 80,000/-) that appropriate documents for conducting the KYC must be submitted and that otherwise the operations in the account will be stopped when the total balance in all the accounts taken together exceeds Rs 0.50 Lakh at

any point of time or the total credit in the accounts in year exceeds Rs 1.00 Lakh.

KYC verification once done by one branch shall be valid for transfer of account to any other branch, provided full KYC verification has already been done and the same is not due for periodic updation.

D. SELLING THIRD PARTY PRODUCTS

While selling third party products, AFPL shall comply with the following directions:

- a) Identity and address of the walk-in customers shall be verified for transactions above Rs. 0.50 lakh, whether conducted as a single transaction or several transactions that appear to be connected.
- b) Transaction details of sale of third-party products and related records shall be maintained as specified under this policy.
- 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 made available.
- d) Transactions involving Rs 0.50 lakh and above shall be undertaken only by:
 - i. Debit to customer's account or against cheque, transfer from banks / debit cards / credit card etc.
 - ii. Obtaining and verifying PAN (regular customer as well as walk in customer).

E. ISSUANCE OF PREPAID PAYMENT INSTRUMENTS (PPI)

With regard to the PPI, AFPL 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.

F. MONITORING OF TRANSACTIONS

- a. AFPL shall monitor transactions of a suspicious nature on an ongoing basis for the purpose of reporting it to the appropriate authorities. (An illustrative list of suspicious transactions is given in **Annexure-3**). The extent of monitoring by the AFPL will depend on the risk sensitivity of the account and special attention will be given to all complex unusually large transactions, which have no apparent economic or lawful purpose.
- b. AFPL shall exercise caution with respect to the transactions with persons (including legal persons and other financial institutions) from the countries which have been identified by Financial Action Task Force (FATF) as high risk and non-cooperative jurisdictions with respect to compliance with the FATF Recommendations, 2012.
- c. AFPL shall file Suspicious Transaction Report (STR), Cash Transaction Report (CTR), counterfeit currency report (CCR) and other applicable reports filling under FATCA in terms of the direction of the RBI/PMLA in respect of all products/ services.

G. ONGOING DUE DILIGENCE

- a) AFPL 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 source of funds.

- b) Any unusual pattern in the operations of the accounts like transactions exceeding threshold limits, high turnover in the accounts compared to the average outstanding etc shall be closely monitored. The extent of monitoring shall be aligned with the risk category of the Customer and high-risk category accounts shall be subjected to more intensified monitoring.
- c) 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.

H. PERIODIC UPDATION

Periodic updation shall be carried out at least once in every one years, for high risk Customers, once in every three years for medium risk Customers and once every five years for low risk Customers as per the following procedure:

- a. CDD as specified in this policy shall be carried out at the time of updation. In the case of low risk customers when there is no change in status with respect to their identities and addresses, a self-declaration to that effect shall be obtained.
- b. In case of legal entities, AFPL shall review the documents sought at the time of opening of account and obtain fresh certified copies.
- c. Physical presence of the customers need not be insisted up on for the purpose of furnishing OVD or furnishing consent for Aadhaar Offline verification unless there are sufficient reasons for their physical presence to establish their bona-fides. In normal case, OVD/Consent forwarded by the customer through mail/post, etc., can be accepted.
- d. AFPL may provide an acknowledgement with date of having performed KYC updation

(Note: The time limits prescribed above would apply from the date of opening of the account/ last verification of KYC.)

I. Existing Customers

In case of existing customers, AFPL shall obtain PAN or Form No.60 by such date notified by the Central Government, failing which AFPL shall temporarily cease operations in the account till the time the PAN number of Form No.60 is submitted by the customer.

Prior to ceasing operations of an account temporarily, AFPL shall give the clients an accessible notice and reasonable opportunity to be heard. AFPL may allow relaxations for continued operations of the account, if the borrower is unable to provide these documents due to injury, infirmity on account of old age or otherwise etc for a maximum period of 6 months. These relaxations shall be permitted by Senior Management.

Operations of the customers without PAN or Form No.60 shall be monitored closely and shall ensure that transaction does not exceed Rs 5 lakh.

For gold loan customers, a copy of the PAN Card of the borrower shall be collected for all transaction above 5 lakh.

J. ENHANCED DUE DILIGENCE

- a. Accounts of Politically Exposed Persons (PEP): Special care and diligence will be taken in respect of Politically Exposed Persons. Generally, the AFPL would

not open accounts of PEP. Decision to deal with such persons as a Customer shall be taken up at a senior management level and shall be subjected to enhanced monitoring.

- b. High Net worth Individuals: Special care and diligence will be taken in respect of High Net worth Individuals. Decision to deal with such persons as a Customer shall be taken up at a senior management level and shall be subjected to enhance monitoring.

IV. RISK MANAGEMENT

AFPL has put in place appropriate procedures to ensure effective implementation of KYC guidelines.

- a) Risk categorization of Customers shall be undertaken based on various factors, such as nature of employment, business activity of the Customer, location of Customer and his/its clients, mode of payments, volume of turnover, social / financial status and credit history.

AFPL has categorized its Customers into 'High Risk / Medium Risk / Low Risk' based on the profile of the customers. AFPL shall apply higher due diligence measures keeping in view the risk level.

- b) AFPL has developed robust underwriting procedures for onboarding borrowers, which include verification of ownership of the gold ornaments (in the case of gold loans), assessment of financial resources of the borrowers, collection of their market reports etc. (for other loans).

AFPL's internal audit periodically evaluates the level of adherence to the KYC procedures. Audit function shall provide an independent evaluation of the effectiveness of KYC policies and procedures, including legal and regulatory requirements.

V. Training Program

AFPL shall have an ongoing employee training programs so that the staffs are adequately trained in KYC/ AML/ CFT procedures. Training requirements shall have different focuses for front line staff, compliance staff and officer/ staff dealing with new customers so that all those concerned fully understand the rationale behind the KYC policies and implement them consistently.

VI. Internal Control System

The Company's Internal Audit and Compliance functions will evaluate and ensure adherence to the KYC policies and procedures. As a general rule, the compliance function will provide an independent evaluation of the Company's own policies and procedures, including legal and regulatory requirements. The Management under the supervision of Board shall ensure that the audit function is staffed adequately with skilled individuals. Internal Auditors will specifically check and verify the application of KYC procedures at the branches and comment on the lapses observed in this regard. The compliance in this regard shall be put up before the Board or any

Committee of the Board along with their normal reporting frequency. Further, the Company shall have an adequate screening mechanism in place as an integral part of their recruitment/ hiring process of personnel so as to ensure that person of criminal nature/ background do not get an access, to misuse the financial channel.

VII. Record Keeping

AFPL shall:

- a) maintain all necessary records of transactions between the AFPL 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) AFPL shall maintain the following records of the transactions as required under Section 12 of the Prevention of Money Laundering Act, 2002 (PMLA) read with Rules 3 of the PML Rules as mentioned below:
 - (i) All cash transactions of the value of more than Rs.10 lakhs or its equivalent in foreign currency, though by policy the **Company does not accept cash deposits in foreign currency.**
 - (ii) All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month.
 - (iii) All transactions involving receipts by non-profit organizations of Rs. 10 lakhs or its equivalent in foreign currency.
 - (iv) All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place.
 - (v) All suspicious transactions whether or not made in cash and in manner as mentioned in the Rule framed by the Government of India under PMLA.
 - (vi) shall maintain the following information in respect of transactions referred to in Rule 3 of PMLA –
 - 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;
 - iv. the parties to the transaction.
1. Maintenance and preservation of records: Section 12 of PMLA requires the Company to maintain records as under:
 - (i) records of all transactions referred to in clause (a) of Sub-section (1) of section 12 read with Rule 3 of the PML Rules is required to be maintained at least for a period of 5 years from the date of transactions

between the clients and AFPL.

- (ii) Records of the identity of all clients of AFPL are required to be maintained for a period of ten years from the date of cessation of transactions between the clients and The Company. AFPL shall take appropriate steps to evolve a system for proper maintenance and preservation of information in a manner that allows data to be retrieved easily and quickly whenever required or as/ when requested by the competent authorities.

VIII. Appointment of Principal Officer

AFPL shall designate a senior employee as 'Principal Officer' (PO) who shall be located at the Head/Corporate office and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. PO shall maintain close liaison with enforcement agencies, NBFCs and any other institution which are involved in the fight against money laundering and combating financing of terrorism. (As per the RBI Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016).

IX. Reporting to Financial Intelligence Unit – India

As per the RBI Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016 The Principal Officer shall report information relating to cash and suspicious transactions, if detected, to the Director, Financial Intelligence Unit India (FIUIND) as advised in terms of the PMLA rules, in the prescribed formats as designed and circulated by RBI at the following address:

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

The employees of The Company shall maintain strict confidentiality of the fact of furnishing/ reporting details of suspicious transactions.

X. General

- a. CDD Procedure and sharing KYC information with central KYC records Registry (CKYCR): AFPL shall capture the KYC information for uploading the data pertaining to all new individual accounts opened on or after 1/4/2017 with the CKYCR in the manner mentioned in the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time. Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR.
- b. Introduction of new technologies: AFPL shall pay special attention to any money laundering threats that may arise from new or developing technologies including online transactions that may favor anonymity, and take measures, if needed, to prevent their use in money laundering. And ensure that any remittance of funds by way of demand draft, and transfer or any other mode of amount is affected by cheque and not against cash payment.
- c. Closure of Accounts / Termination of Financing / Business Relationship:

Where Company is unable to apply appropriate KYC measures due to non-furnishing of information and/or non-operation by the customer, and terminate Financing/Business Relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decision shall be taken with the approval of Chairman & Managing Director or key managerial persons authorized for the purpose.

- d. KYC for the Existing Accounts: While the KYC guidelines will apply to all new customers, the same would be applied to the existing customers on the basis of materiality and risk. However, transactions with existing customers would be continuously monitored for any unusual pattern in the operation of the accounts.
- e. Updating KYC Policy of Company: Principal Officer after taking the due approval from the Board of Directors of the Company shall make the necessary amendments/modifications in the KYC/ AML/ CFT Policy or such other related guidance notes of Company, to be in line with RBI or such other statutory authority's requirements/updates/ amendments from time to time.
- f. The AFPL shall be create Unique Customer Identification Code (UCIC) for all individual customers and uploading all customers KYC data into the CERSAI server as per the direction of RBI Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated February 25, 2016.

XI. COMPLIANCE OF KYC POLICY

- a. AFPL's internal audit and compliance functions periodically evaluate the level of adherence to the KYC policies and procedures. The compliance function and audit function together shall provide an independent evaluation of the effectiveness of KYC policies and procedures, including legal and regulatory requirements.
- b. Internal Audit shall on a yearly basis conduct an evaluation of compliance functions of policies and procedures including legal and regulatory requirements.

XII. OTHER OPERATING INSTRUCTIONS

- a) In case of customers whose accounts have not been operated (or who have not been transacting) for more than 12 months, fresh KYC documents will need to be taken before undertaking any new transactions. System based control will be put in place.
- b) As a policy, Gold loan will be granted to individuals only and not to companies, firms, trusts etc.
- c) In the case of 'pardanashin' (veil) women, capturing of the customer's photograph (in Customer ID file on the system) may waived provided an acceptable Proof of Identity document is furnished and KYC verification has been carried down by any of female staffs.

XIII. Revision of Policy

This policy shall be reviewed by the Board of Directors of the Company from time to time.

Annexure-1

OFFICIALLY VALID DOCUMENTS (OVD)

1. Individuals

Officially Valid Documents (OVD) means the passport, the driving license, proof of possession of Aadhaar number, 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 and letter issued by the National Population Register containing details of name and address.

Provided that,

- a) Where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.
- b) where the OVD furnished by the customer does not have updated address, the following documents or the equivalent e-documents thereof shall be deemed to be OVDs for the limited purpose of proof of address:-
 - i. Utility Bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
 - ii. Property or Municipal tax receipt;
 - iii. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
 - iv. letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation;
- c) the customer shall submit OVD with current address within a period of three months of submitting the documents specified at 'b' above
- d) Where the OVD presented by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.

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

Annexure-2

Regulated Entities:

- a) All Scheduled Commercial Banks (SCBs)/ Regional Rural Banks (RRBs)/ Local Area Banks (LABs)/ All Primary (Urban) Co-operative Banks (UCBs) /State and Central Co-operative Banks (StCBs / CCBs) and any other entity which has been licenced under Section 22 of Banking Regulation Act, 1949.
- b) All India Financial Institutions (AIFIs).
- c) All Non-Banking Finance Companies (NBFCs), Miscellaneous Non-Banking Companies (MNBCs) and Residuary Non-Banking Companies (RNBCs).
- d) All Payment System Providers (PSPs)/ System Participants (SPs) and Prepaid Payment Instrument Issuers (PPI Issuers)
- e) All authorised persons (APs) including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.
- f) Depository Participant (DP) services.

ANNEXURE-3

ILLUSTRATIVE LIST OF SUSPICIOUS TRANSACTIONS

Broad categories of reasons for suspicion and examples of suspicious transactions generally observed in Non- Banking Financial Companies are indicated as under:

1. Identity of client:

- a) False identification documents
- b) Identification documents which could not be verified within reasonable time
- c) Accounts opened with names very close to other established business entities.

2. Background of Client:

Suspicious background or links with known criminals.

3. Multiple Accounts:

Large number of accounts having a common account holder, introducer or authorized personnel.

4. Signatory with no rationale:

- a) Unexplained transfers between multiple accounts with no rationale.

5. Activity in accounts:

- a) Unusual activity compared with past transactions- Sudden activity in dormant accounts;
- b) Activity inconsistent with what would be expected from declared business.

6. Nature of transactions:

- a) Unusual or unjustified complexity;
- b) No economic rationale or bonafide purpose;
- c) Frequent cash transactions;
- d) Nature of transactions inconsistent with what would be expected from declared business.

7. Value of Transactions:

- a) Value just under the reporting threshold amount in an apparent attempt to avoid reporting.
- b) Value inconsistent with the client's apparent financial standing.

8. Indicators of Suspicious Transactions:

- a) Reluctant to part with information, data and documents;
- b) Submission of false documents, purpose of loan and detail of accounts;
- c) Reluctance to furnish details of source of funds;
- d) Reluctance to meet in person, representing through power of attorney;
- e) Approaching a distant branch away from own address;
- f) Maintaining multiple accounts without explanation;
- g) Payment of initial contribution through unrelated third-party account;
- h) Suggesting dubious means for sanction of loan;
- i) Where transactions do not make economic sense;
- j) Where doubt about beneficial ownership;
- k) Encashment of loan through a fictitious bank account;
- l) Sale consideration quoted higher or lower than prevailing prices;
- m) Request for payment in favor of third party with no relation to transaction;
- n) Usage of loan amount for purposes other than stipulated in connivance with vendors, or agent;

o) Frequent request for change of address;