The Hisar Central Cooperative Bank Limited Hisar

KYC/ AML/ CFT Policy(Amendment)-2023

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1. Preamble

The HisarCentralCooperativeBankLimitedHisardiscommittedtoadherenceof KYCstandards,AMLandCFTforwhichReserveBankofIndiaand NABARDhavebeenissuingguidelines

Theguidelinesincorporatethe:

- ObligationsonbankunderthePreventionof MoneyLaunderingAct**(PMLA),** 2002.
- RecommendationsmadebytheFinancialActionTaskForce**(FATF)**onAMLStan

  dardsand CFT

- Paper issued on Customer Due Diligence **(CDD)** for banks by the

  BaselCommitteeon Banking Supervision.

TheHisarCentralCooperativeBankLimitedHisarhenceframeandputinplaceacomprehensive policy, duly approved by the Board of Directors, in this regard. This policy documenthas been prepared in line with the RBI/NABARD guidelines and incorporates the Bank's approach to**KYC,AML**and **CFT**issues, however in case of contradiction and ambiguity the RBI/ NABARDguidelines mayalwaysbe referred inthisregard.

2. Objectives,ScopeandApplicationofthePolicy:

The primary objective of the Policy is to prevent The Hisar Central Co-operative Bank Ltd. Hisarfrombeingused,intentionallyorunintentionally,bycriminalelementsformoneylaunderingorterroristfin ancingactivities.Purposesproposedtobe served bythePolicyare:

(i) TopreventcriminalelementsfromusingTheHisarCentralCooperativeBankLimitedHisar formoneylaunderingactivities.

(ii) ToenableTheHisarCentralCooperativeBankLimitedHisartoknow/understandthecustomersa ndtheirfinancialdealings betterwhich,in turn,wouldhelpthebankto Manageriskprudently.

(iii) Toputinplaceappropriatecontrolsfordetectionandreportingofsuspiciousactivitiesinaccordanc ewithapplicablelaws/laid down procedures.

(iv) Tocomplywithapplicablelawandregulatoryguidelines.

(v) Toensurethattheconcernedstaffareadequatelytrainedin KYC/AML/CFTprocedures.

(vi) The Bank will initiate steps to create awareness and give wider publicity bycirculating the poster and booklet amongst all their branches and to the customers /generalpublicanddisplaytheposterprominentlyin theirpremises.

This Policy is applicable to all branches/offices of The Hisar Central Cooperative Bank Limited Hisar andistobereadinconjunctionwithrelatedoperationalguidelinesissuedfromtimetotime.

The contents of the policy shall always be read in tandem/auto correctedwith the changesand modifications which may be issued by RBI and or by any regulator and/or by Bank from time totime.

3. Definition:

3.1 Customer:

Forthepurposeof Policy, acustomerisdefinedas:

- A person or entity that maintains an account and /or has a business relationshipwiththeBank.
- One on whose behalf the account is maintained (i.e. the beneficial owner). {Ref:Government of India Notification dated February 12, 2010- Rule 9 sub-rule {1A}of PMLA Rules- Beneficial owner means the natural person who ultimately ownsor controls a client and or the person on whose behalf a transaction is beingconducted, and includes a person who exercise ultimate effective control over ajuridicalperson.}
- Beneficiary of transactions conducted by professional intermediaries such asstockBrokers,CharteredAccountants,and Solicitorsetc.Aspermittedunderthelaw,and
- Anypersonorentityconnectedwithfinancialtransactionswhichcansignificance reputational or other risks to the Bank, say, a wire transfer or issueofahighvalue demanddraftasasingletransaction.

3.2 MoneyLaundering:

Section3ofPMLAhasdefinedthe"offence ofmoneylaundering"asunder:

"Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly isa party processor activity connected with the proceeds of crime and projecting it as untaintedpropertyshall beguiltyofoffenceofmoneylaundering".

Money launderers use the banking system for cleansing 'dirty money' obtained fromcriminal activities with the objective of hiding/disguising its source. The process of moneylaundering involves creating a web of financial transactions so as to hide the origin and truenature ofthesefunds.

For the purpose of this document, the term money laundering would also cover financialtransactions where the end use of funds goes for terrorist financing irrespective of the sourceofthefunds.

3.3 CustomerDueDiligence:

CustomerDueDiligence(CDD)canbedefinedasanymeasureundertakenbyafinancialinstitution to collect and verify information and positively establish the identity of a customer. The baseof CDD would be the board approved Customer Acceptance Policy of a bank. Based on CustomerAcceptancePolicy, theCustomer IdentificationProcedures needstobe drawn.

3.4 DesignatedDirector:

Designated Director" means a person designated by the reporting entity to ensureoverall compliancewiththeobligations imposedunder chapter IV oftheAct and the Rulesandincludes--

(i) The General Manager or C E O duly authorized by the Board of Directors ifthereportingentityis acompany,

(ii) Themanagingpartnerifthereportingentityisa partnershipfirm,

(iii) Theproprietorif thereportingentityisaproprietorshipconcern,

(iv) Themanagingtrusteeifthereportingentityisatrust,

(v) A person or individual, as the case may be, who controls and manages the affairs of thereporting entity if the reporting entity is an unincorporated association or a body of individuals,and

(vi) Such other person or class of persons as may be notified by the Government if thereportingentitydoes notfallinanyof thecategoriesabove.

3.5 OfficiallyValid DocumentasPerPMLArule2(d) and 14(i)

"Officiallyvaliddocument"meansthepassport,thedrivinglicense,thePermanentAccount Number

(PAN) Card, the Voter's Identity Card issued by Election Commission ofIndia, job card issued by NREGA duly signed by an officer of the State Government, the letterissued by the Unique Identification Authority of India containing details of name, address andAadhaar number or **any document as notified by the Central Government in consultationwiththeregulator**. Where 'simplified measures' are applied for verifying the identity ofcustomersthefollowingdocumentsshallbedeemed tobe'officiallyvalid documents:

(i) identitycardwithapplicant'sPhotographissuedbyCentral/StateGovernmentDepartments,Statutory/RegulatoryAuthorities,PublicSectorUndertakings,ScheduledCommercial Banks,and PublicFinancial Institutions;

(ii) Letterissuedbya gazettedofficer,withadulyattestedphotographoftheperson;

"No other document will be considered as valid document by the Bank 'simplified measures'maybeapplied inthecase of
'Low risk' customers taking into consideration the type of customer, business relationship,natureandvalueoftransactionsbasedontheoverallmoneylaunderingandterroristfinancingrisk sinvolved.Inrespectoflowriskcategoryofcustomers,wheresimplifiedmeasures are applied, it would be sufficient to obtain any of the documents at (i) and (ii) ofprovisotorule2(d)forthepurpose of proofofidentityandproof ofaddress."[3]

3.6 Transaction:

"Transaction"meansapurchase,sale,loan,pledge,gift,transfer,deliveryorthearrangementthereofan d includes-

(i) Openingofanaccount;

(ii) Deposits, withdrawal, exchange or transfer of funds in whatever currency, whether in cashor by cheque, payment order or other instruments or by electronic or other non-physicalmeans;

(iii) The useofasafetydepositboxoranyotherformofsafedeposit;

(iv) Enteringintoanyfiduciaryrelationship;

(v) Any payment made or received in whole or in part of any contractual or other legalobligation;

(vi) any payment made in respect of playing games of chance for cash or kind including suchactivitiesassociated withcasino;and

(vii) Establishingorcreatingalegalpersonorlegalarrangement.'[4]

3.7 BeneficialOwner

a)Where the client 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 acontrollingownershipinterestorwhoexercisescontrolthrough othermeans.

Explanation-Forthepurposeof thissub-clause-

1. "Controlling ownership interest" means ownership of or entitlement to more than twenty-fivepercentofsharesor capitalor profits of thecompany;

2. "Control"shallincludetherighttoappointmajorityofthedirectorsortocontrolthemanagement or policy decisions including by virtue of their shareholding or managementrightsor shareholdersagreements orvotingagreements;

(b) where the client 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 ownershipof/entitlementtomore

thanfifteenpercentofcapitalorprofitsofthepartnership;

(c) where the client is an unincorporated association or body of individuals, the beneficialowner is the natural person(s), who, whether acting alone or together, or through one or morejuridicalperson,hasownershipoforentitlementtomorethanfifteenpercentofthepropertyorcapitalor profitsofsuch association orbodyofindividuals;

(d) Where no natural person is identified under (a) or (b) or (c) above, the beneficial owner istherelevantnaturalpersonwhoholdsthepositionof seniormanagingofficial;

(e) wheretheclientisatrust,theidentificationofbeneficialowner(s)shallincludeidentification of the author of the trust, the trustee, the beneficiaries with fifteen percent ormore interest in the trust and any other natural person exercising ultimate effective controloverthe trustthroughachain of control or ownership;and

(f) Where the client or the owner of the controlling interest is a company listed on a stockexchange, or is a subsidiary of such a company, it is not necessary to identify and verify theidentityof anyshareholder or beneficialownerofsuchcompanies.[5]

4. KeyElementsoftheKYCPolicy

KYCPolicyincludesthefollowingninekeyelements:

1. *CustomerAcceptancePolicy**(CAP)***
2. *CustomerIdentificationProcedures(**CIP**)*
3. *MonitoringofTransactions*
4. *Riskmanagement*
5. *TrainingProgramme*
6. *InternalControlSystems*
7. *RecordKeeping*
8. *Evaluationsof KYCguidelinesbyinternalauditandinspectionsystem*
9. *Duties/ResponsibilitiesandAccountability*

5. ObligationunderPreventionofMoneyLaundering(PML)Act2002

5.1 Section12 of PMLA places certain obligations on Bank, financial institution andintermediary,whichinclude

(i) Maintainingarecordofprescribedtransactions

(ii) Furnishinginformationofprescribedtransactionstothespecifiedauthority

(iii) Verifyingandmaintainingrecordsoftheidentityofitsclients

(iv) Preserving records in respect of (i), (ii) and (iii) above for a period of ten years from thedateofcessation oftransactions with theclients.

Theserequirementshavecomeintoeffectfromthe1st July,2005i.e.thedateonwhichPMLAwasnotifiedbyth eGovernmentofIndiaandrulesframedthere under.

5.2 Prevention of Money-Laundering (Maintenance of Records of the Nature and Valueof Transactions, the Procedure and Manner of Maintaining and time for FurnishingInformationandVerification andMaintenanceofRecords oftheIdentity oftheClientsoftheBankingCompanies,FinancialInstitutionsandIntermediaries)AmendmentR ules,2009–ObligationofBanks/FinancialInstitutions

The GovernmentofIndiavideitsNotificationNo.13/2009/F.No.6/8/2009- ES dated November12,2009,hasamended the Prevention of Money- laundering (Maintenance of Records of theNature and Value of Transactions, the Procedure and Manner of Maintaining and Time forFurnishing Information and Verification and Maintenance of Records of the Identity of the Clientsof theBankingCompanies,FinancialInstitutionsandIntermediaries) Rules,2005.

Someofthesalientfeaturesoftheamendment,relevanttoStateandCentralCo-operativebanks/RRBsare asunder:

a) Clause(ca)insertedinsub-rule(1)ofRule2defines"non-profitorganization"

b) Clause (BA) inserted in sub-rule (1) of Rule 3requiresbanks/ financial institutions tomaintain proper record of all transactions involving receipts by non-profit organizations of valuemorethanrupees tenlakhorits equivalentinforeigncurrency.

c) The amended Rule 6provides that the records referred to in rule 3shouldbe maintained for a period often years from the date of transactions between the client and the bankingcompany/financialinstitution.

d) A provision has been inserted in sub-rule (3) of Rule8, which requires that banks anditsemployeesshouldkeepthefactoffurnishingsuspicioustransactioninformationstrictlyconfidential.

e) Rule 9, now requires banks to verify identity of the non-account based customer whilecarrying out transaction of an amount equal to or exceeding rupees fifty thousand, whetherconductedasasingletransaction orseveraltransactions thatappeartobeconnected.

i. The amended sub-rule (1) of Rule 9, in terms of clause (b) (ii) requiresverificationofidentityofthecustomerfor**all**internationalmoneytransferoperations.

ii. Proviso to Rule 9(1) regarding the verification of identity of the clientwithin a reasonable time after opening the account/ execution of thetransaction**hasbeen deleted.**

f) "forclause

g), thefollowingclauseshallbesubstituted,namely:-

i) " suspicious transactions" means a transaction referred to in clause (h) including anattempted transaction, whether or not made in cash, which to a person acting ingoodfaith.

ii) givesrisetoareasonablegroundofsuspicionthatitmayinvolveproceedsofan offence specified in the schedule to the Act, regardless of the valueinvolved;or

iii) appearstohavenoeconomicrationaleorbona-fidepurpose;or

iv) Givesrisetoareasonablegroundofsuspicionthatitmayinvolvefinancingoftheactivitiesrelating toterrorism."

5.3 Accordingly, in view of amendments to the above Rules, The Hisar CentralCooperativeBank LimitedHisarwill:

(i) Maintainproperrecordofalltransactionsinvolvingreceiptsbyan entitynon-Profit organizations of value more than rupees ten lakh or its equivalent in foreigncurrency and to forward are port to FIU-IND of all such transactions in the prescribedformateverymonthbythe15th ofthesucceedingmonth.

(ii) In case of transactions carried out by a non-account based customer, that is a walk-incustomer,wheretheamountoftransactionisequaltoorexceedsrupeesfiftythousand, whether conducted as a single transaction or several transactions thatappear to be connected, the customer's identity and address should be verified.Further, if a bank has reason to believe that a customeris intentionally structuring atransaction into a seriesof transactions below the threshold of Rs.50000/- the bankshouldverifyidentityandaddressofthecustomerandalsoconsiderfilingasuspicioustransaction report (STR)toFIU-IND**.**

5.4 MaintainingtheRecords:

Bankwillmaintainrecordsoftheidentityofclients,andrecordsinrespectoftransactions with

itsclientreferredtoin rule3 inhardor softformat.

5.5 Delayinfilingthereport

In terms of Rule 8, while furnishing of information to the Director FIU-IND, delayof each day in not reporting a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in this rule shall constitute aseparateviolation.

6. CustomerAcceptancePolicy(CAP)

Bank'sCustomerAcceptancepolicy**(CAP)**laysdownthecriteriaforacceptanceofcustomers.Theguidelinesinrespectof thecustomerrelationshipintheBank areasfollows:

(i) No account is to be opened by Bank in anonymous or fictitious/benami name(s)/entity (ies) {Ref: Government of India Notification dated June 16, 2010 Rule 9, sub-rule (1C)- Banksshould not allow the opening of or keep any anonymous account or accounts in fictitiousname or account on behalf of other person on whose identity has not been disclosed orcannotbeverified.}

(ii) BankwouldnotopenanaccountandwillclosesuchexistingaccountwhereBankisunabletoapply appropriate customerdue diligence measuresi.e.Bankisunabletoverify theidentityand/orobtaindocumentsrequiredaspertheriskcategorizationduetononcooperation of the customer or the non-reliability of the data/ information furnished to theBank.

(iii) While carrying out the due diligence it would be ensured that there is no harassment to thecustomer,onlyCustomerIdentificationProcedures(discussedlater).Necessarychecksbefore opening a new account are to be ensured so that the identity of the customer does notmatch with any person with known criminal background or with banned entities such asindividualterroristsorterroristorganizationsavailablefromCirculars,etc.

(iv) Bankwill complete thedocumentation requirements and will collect other information, asperPMLAand RBI/NABARD guidelines/instructionsprevalent.

(v) Bankwould endeavor that Implementation ofCAP does not become too restrictive andresult in denial of banking services to general public, especially those who are financially orsociallydisadvantaged and needsto befinanciallyincluded.

The decision to open an account for Politically Exposed Person (PEP) will be taken atGeneral Manager/ Chief Executive Officer Level. Due care will be taken to avoid harassmentof the customer and would form a grievances cell for the purpose which will resolve any suchissue arising.
For example, decision to close an account may be taken at a reasonably high level aftergivingduenoticetothecustomerexplainingthereasonsforsucha decision.

(vi) Circumstances, in which a customer is permitted to act on behalf ofanother person/entity, asthere can be occasions when an account is operated by a mandate holder or where anaccount may be opened by an intermediary in the fiduciary capacity has been defined in**Annexure –I(CustomerIdentificationProcedures)**

(vii) Bankwillclassifycustomersintovariousriskcategoriesbasedonriskperception,andapplytheacceptancecriteriaforeachcategoryofcustomers.Forthepurposeofriskcategorization of customer, the relevant information shall be obtained from the customer atthe time of account opening. While doing so, it shall be ensured that information sought fromcustomer is relevant to the perceived risk and is not intrusive. Any other information from thecustomershallbesoughtseparatelywithhis/herconsentandafter openingtheaccount.

(viii) Risk perception will be worked out and will be decided for different type of customers takinginto account the background of customer/ activity and profile of his/ her clients, country oforigin, sources of funds, modes of payments, volume of turnover, social and financial

statusetc. Of the customer on the basis of the relevant information provided by the customer at thetime of opening the account. The intensive due diligence will be required for higher riskcustomers, especially those for whom the sources of funds are not clear. An indicative riskcategoriesofcustomersbasedoncustomertypesisprovidedin**Annexure-II(Riskcategory)** whichwillbereviewedbytheBusiness**CommitteeoftheBan**k onyearlybasis.

(ix) A profile for each customer will be prepared based on risk categorization. The profile shallcontain information relating to customer's identity, social/ financial status, nature of businessactivity,informationabouthisclientsbusinessandtheirlocationetc.Thenatureandextendo f due diligence would depend on the risk categorization of the customer. While preparingcustomer profile care shall be taken to seek only such information from the customer which isrelevant to the risk category and is not intrusive. The customer profile is a confidentialdocument and details contained therein should not be divulged for cross selling or any otherpurpose.

(x) The indicative information that has to be obtained from customer at the time of opening ofaccount for the purpose of creating customer profile is provided in **Annexure-I (Informationfor creating customer profile).** Which will be reviewed by the Business **Committee of theBan**k on yearly basis in relevance with the guidelines issued by RBI/ NABARD. The othercriterion for the review will be the business requirement and composition of the customers oftheBank.

(xi) BankshallacceptCustomersafterverifyingtheiridentityaslaiddowninCustomerIdentificationProc edures.Documentationrequirementsandotherinformationshallbecollected in respect of different categories of customers depending on perceived risk andkeeping in mind the requirement of PML Act 2002 and instructions/ guidelines issued by RBI/NABARD/Bankfromtime totime.

(xii) where a customer is categorized as low risk and expresses inability to complete thedocumentation requirements on account of any reason that the bank considers to begenuine, and where it is essential not to interrupt the normal conduct of business, thebank may complete the verification of identity within a period of six months from thedateof establishmentofthe relationship.

(xiii) For the purpose of identifying and verifying the identity of customers at the time ofcommencement of an account-based relationship, Bankmay rely on a third party;subjecttothe conditions that-

(a) theBankwillimmediatelyobtainsnecessaryinformationofsuchclientduediligencecarried outbythe thirdparty;

(b) the **Bank** takes adequate steps to satisfy itself that copies of identification data and otherrelevant documentation relating to the client due diligence requirements will be madeavailablefromthethird partyuponrequestwithoutdelay;

(c) the Bank is satisfied that such third party is regulated, supervised or monitoredfor,andhasmeasuresinplaceforcompliancewithclientduediligenceandrecord-keeping requirements in line with the requirements and obligations underthe Act;

(d) thethirdpartyis notbasedinacountryorjurisdictionassessedashighrisk;and

(e) theBankisultimatelyresponsibleforclientduediligenceandundertakingenhancedduediligence measures, asapplicable.[9]

7. CustomerIdentificationProcedures(CIP)

7.1 Customeridentificationmeansidentifyingthecustomerandverifyinghis/heridentitybyusingreli able,independentsourcedocuments,data orinformation.

i) ThefirstrequirementofCustomerIdentificationProcedures**(CIP)**istobesatisfiedthataprospecti vecustomerisactuallywhohe/she claimstobe.

ii) ThesecondrequirementofCIPistoensurethatsufficientinformationisobtainedontheidentityan dthepurposeoftheintendednatureofthebanking relationship.

This would enable risk profiling of the customer and also to determine the expected orpredictable pattern oftransactions. Satisfactory/ to be satisfied means to be able tosatisfy the competent authority that due diligence was observed based on the risk profileofthe customerincompliancewith theextantguidelines in place.

7.2 Bankwillcarryoutcustomeridentificationatdifferentstagesviz.

- Whileestablishingabankingrelationship**{OR}**
- Carrying out afinancialtransaction**{OR}**
- When there is a doubt about the authenticity/ veracity or the adequacy of thepreviouslyobtained customeridentificationdata.

7.3 Bank willverifytheidentityfor:

- Thenamedaccountholder
- Beneficiaryaccount
- Signatoriestoaccount
- Intermediateparties

7.4 Identificationdata,asunder,wouldberequiredtobeobtainedinrespectofdifferentclassesofcustomers:

7.4.1 Forcustomersthatarenaturalpersons:sufficient Identification data would be obtainedtoverify

- The identity of customer
- His/her address location
- His/her recent photo graphsand
- Documentstoverifysignature.Incase nodocumentisavailableforverificationofthesignature,Branch headwillobtainsignatureinhis/ her presence.
- Alternatively,identitydocumentscanbesubstitutedbysatisfactorypersonalintroductionorwheree-KYChas beendoneexceptobtainingof photographs.

7.4.2 For customersthatarelegalpersonorentities:

Sufficientidentificationdatawouldbeobtainedtoverify:

- Legalstatusofthelegalperson/entitythroughproperandrelevantdocuments.
- Thatanypersonpurportingtoactonbehalfofthelegal Person/entityissoauthorizedandidentityofthatperson/entityis established andverified.
- The ownership and control structure of the customer anddeterminewho arethenaturalpersonswhoultimatelycontrol thelegal person.
- Information on the nature of business activity, location,modeofpayments,volumeofturnover,socialandfinancial status etc. will be collected for completing theprofile of the customer. If the branch/office of The HisarCentralCo-operativeBankLtd.HisarBankdecidestoacceptsuchaccountsintermsoftheCustomerAcceptancePolicy,thebankwouldtakereasonablemeasurestoidentify thebeneficialowner(s)andverifyhis/her/their identity in a manners that it is satisfied that itknowswho thebeneficial owner(s)is/are.

7.5 Whenever there shall be any suspicion of money launderingor terrorist financingor whenother factors shall give rise to a belief that the Customer does not in fact, pose a low risk, fullscalecustomer duediligence(CDD)shall becarriedoutbeforeopeninganaccount**.**

7.6 Whenever there shall be any suspicion of money laundering or terrorist financing or wherethereshallanydoubtabouttheadequacyorveracityofpreviouslyobtainedcustomeridentificati

on data, the due diligence measures shall be reviewed including verifying again theidentityofthecustomer/clientandobtaininginformationonthepurposeandintendednatureofbusinessrelationship.

7.7 In case some close relatives, e.g. wife, son, daughter and parents, etc. Who live with theirhusband,father/motherandson,asthecasemaybe,wanttoopenanaccountandutilitybills, as required for address verification while opening the account, are not in their name, anidentity document and a utility bill of the relative with whom the prospective customer is livingalong with a declaration from the relative that the said person (prospective customer) wantingtoopenanaccountisarelativeandisstayingwithhim/hercanbeobtained.Anysupplementary evidencesuchasaletterreceivedthroughpostcan beused forfurtherverificationoftheaddress.

7.8 Customer identification data (including photograph/s) shall be periodically updated after theaccount is opened. The periodicity shall not be less than once in five years in case of low riskcategory customers and not less than once in two years in case of high and medium riskcategorycustomers.

7.9 Permanentaddressmeanstheaddressatwhichapersonusuallyresidesandcanbetakenastheaddressasmentionedinautilitybilloranyotherdocumentacceptableforverificationofthe addressofthecustomer.

7.10 Customeridentification-Guidelinesinrespectoffewtypicalcases

7.10.1 Walk-inCustomers

In case of transactions carried out by a non-account based customer, that is a walk-in customer, where the amount of transaction is equal to or exceeds rupees fifty thousand,whetherconductedasasingletransactionorseveraltransactionsthatappeartobeconnected, the customer's identity and address should be verified. lf there is a reason tobelieve that a customer is intentionally structuring a transaction into a series of transactionbelow the threshold of Rs.50.000/-, identity and address of the customer shall be verifiedand filing a suspicious transaction report (STR) to FIU-IND may be considered.[NOTE: lnterms of Clouse (b) (ii) of sub-Rule (1) of Rule 9 of the PML Rules,2005 banks and financialinstitutionsarerequiredtoverifytheidentityofthecustomersforallinternationalmoneytransfer operations].Trust/Nominee or Fiduciary Accounts. There exists the possibility thattrust/nominee or fiduciary accounts can be used to circumvent the customer identificationprocedures. It shall be determined whether the customer is acting on behalf of anotherperson as trustee/nominee or any other intermediary. lf so, receipt of satisfactory evidenceofthe identity of theintermediaries and of the persons on whose behalfthey are actingshall be insisted, as also shall obtain details of the nature of the trust or other arrangementsin place. While opening an account for a trust, reasonable precautions shall betoken toverify the identity of the trustees and the settlers of trust (including any person settlingassets into the trust), guarantors protectors, beneficiaries and signatories. Beneficiariesshall be identified when they are defined. In the case of a 'foundation', steps shall be takentoverifythefounder managers/directors andthebeneficiaries,ifdefined.

7.10.2 Accountsofcompanies andfirms

Bank shall be vigilant against business entities being used by individuals as a'front' for monitoring accounts. The control structure of the entity, determine the sourceof funds and identify the natural persons who have a controlling interest and whocomprise the management shall be examined. These requirements may be moderatedaccording to the risk perception e.g. in the case of a public company, Bank may notidentifyall theshareholders.

7.10.3 Clientaccountsopened byprofessionalintermediaries

a) If there is knowledge or reason to believe that the client account opened by aprofessionalintermediaryisonbehalfofasingleclient,thatclientwouldbeidentified. 'Pooled' accounts managed by professional intermediaries on behalf ofentities like mutual funds, pension funds or other types of funds may be hold.'Pooled' accounts managed by lawyers/chartered accountants or stock brokers forfunds held 'on deposit' or ‘in escrow' for arrange of clients may be managed. Wherefunds held by the intermediaries are not co-mingled and there ore 'sub-accounts',each of them attributable to o beneficial owner, all

the beneficial owners would beidentified. Where such funds ore co-mingled, the beneficial owners shall be lookedthrough. Where the customer due diligence'(CDD) done by on intermediary is reliedupon, Bonk shall satisfy itself that the intermediary is regulated and supervised andhas adequate systems in place to comply with the KYC requirements. It may benotedthattheultimateresponsibilityforknowingthecustomer lieswiththebank".

b) Under the extant AML/CFT framework, therefore, it is not possible for professionalintermediaries like Lawyers and Chartered Accountants, etc" who are bound by anyclient confidentiality that prohibits disclosure of the client details, to hold on accounton behalf of their clients. Bank shall not allow opening and/or holding of an accountan behalf of a client/s by professional intermediaries, like Lawyers and CharteredAccountants, etc., who are unable to disclose true identity of the owner of theaccount/fundsduetoanyprofessionalobligationofcustomerconfidentiality.Further, any professional intermediary who is underany obligation thatinhibitsBank's ability to know and verify the true identity of the client on whose behalf theaccountisheldorbeneficialownershipoftheaccountorunderstandtruenatureand purpose of transaction/s, should not be allowed to open on account on behalf ofaclient".

7.10.4 AccountsofPoliticallyExposedPersons(PEPs)residentoutsideIndia.

a) Politically exposed persons are individuals who are or have been entrusted withprominent public functions in a foreign country, e.g. Head of States or Government,senior politicians, senior government/ judicial/ military important political party officials,etc.Sufficientinformationonanypersonalcustomerofthiscategoryintendingtoestablisharelationship shallbe gatheredand allthe informationavailableontheperson in the public domain shall be checked. The identity ofthe person shall beverified and information about the sources of funds before accepting the PEP as acustomer should be sought. The decision to open on account for a PEP shall be takenbytheconcernedBranchHead.Suchaccountsshallbesubjectedtoenhancemonitoring on an ongoing basis. The above norms may also be applied to the accountsofthefamilymembersor closerelatives ofPEPs.

b) In the event of an existing customer or the beneficial owner of an existingaccount, subsequently becoming a PEP, concerned Branch Head shall approve tocontinue the business relationship and subject the account to the CDD measures asapplicabletothecustomersofPEPcategoryincludingenhancedmonitoringononging basis. These instructions ore also applicable to accounts where a PEP is theultimatebeneficial owner.

c) Further, appropriate ongoing risk management procedures for identifying andapplying enhanced CDD to PEPs, customers who are close relatives of PEPs, andaccountsofwhich a PEP is theultimatebeneficialownershallbeapplied.

7.10.5 Accountsofnon-face-to-facecustomers

With the introduction of telephone and electronic banking, increasingly accounts arebeing opened for customers without the need for the customer to visit the Bank Branch. ln thecaseofnon-face-to-facecustomers,apart fromapplyingthe usual customer identificationprocedures,adequateprocedurestomitigatethehigherriskinvolvedshouldbeapplied"Certificationofallthedocumentspresentedshouldbeinsisteduponand,ifnecessary,additional documents may be called for. In such cases, first payment shall be effected throughthe customer's account with another Bank which, in turn, adheres to similar KYC standards. Inthe case of cross-border customers, there is the additional difficulty of matching the customerwith the documentation and third party certification/introduction may have to be relied on. Insuch cases, it shall be ensured that the third party is a regulated and supervised entity and hasadequateKYC systemsin place.

7.10.6 Accountsof proprietaryconcerns

Apartfromfollowingtheextantguidelinesoncustomeridentificationprocedureasapplicable to the proprietor, the following documents shall be called for and verifiedbeforeopening ofaccountsinthenameofa proprietaryconcern:

a) Proofofthename,addressandactivityoftheconcern,likeregistrationcertificate(in the case of a registered concern),certificate/license issued by the Municipalauthorities under Shop

&Establishment Act, soles and income tax returns, CST/VATcertificate,certificate/registrationdocumentissuedbySolesTax/ServiceTax/Professional Tax authorities, License issued by the Registering authority likecertificate of practice issued by institute of chartered Accountants of Indian, instituteofcostAccountantsofIndia,instituteofcompanysecretariesofIndia,IndianMedicalcouncil,Food and DrugControlAuthorities,etc.

b) Anytwooftheabovedocumentswouldsufficient.Thesedocumentsshouldbeinthename ofthe proprietaryconcern.

c) These guidelines on proprietorship concerns apply to all new customers. ln case ofaccounts of existing customers, the above formalities to be completed in a timebound manner"

7.10.7 Operation ofBankaccounts& moneymules

a) "Money Mules" con be used to launder the proceeds of fraud schemes (e.9.,phishing and identity theft) by criminals who go in illegal access to depositaccounts by recruiting third parties to act as "money mules." ln some casesthesethirdpartiesmaybeinnocentwhileinotherstheymaybehavingcomplicitywith thecriminals.

b) Inamoneymuletransaction,anindividualwithanaccountisrecruitedtoreceivecheque depositsor wiretransfers and then transfer these fundstoaccounts herd on behalf of another person or to other individuals, minus ocertain commission payment. Money mules may be recruited by a variety ofmethods, including spam e-moils, advertisements on genuine recruitment websites,socialnetworkingsites,instantmessagingandadvertisementsinnewspapers.whencaught,thesemoneymulesoftenhavetheiraccountssuspended,causinginconvenienceandpotentialfinancialloss,apartfromfacinglikely legal action for beingportofa fraud.Money a times the addressand contact details of such mules ore found to be fake or not up to date, makingitdifficultfor enforcementagenciestolocatetheaccountholder.

c) Bank shall follow the guidelines on KYC / AML I CFT while opening of accountsandmonitoringoftransactionstominimizetheoperationsofsuchmuleaccounts.

7.10.8 Alternatives/Approvals

No deviations or exemptions shall normally be permitted in the documents specified foraccount opening. For following the exceptions, suitable exceptions handling matrix maybeprepared by concernedbusiness groupasper the requirement ofthebusiness intheoverallambitofRBIguidelinesandshouldgetitapprovedbytheStandingCommittee on KYC and AML. Once approved by the standing committee on KYC andAML, theauthorities asperthematrixmayallowthedeviations andexceptions,if any.

All documents obtained for customer KYC shall be checked by the Branch official withthe original documents and he / she shall give a confirmation to this effect in the copy ofthe documents. SOM / ASOM would scrutinize AOF & KYC documents for complianceof extent KYC norms of the Bonk and sign the checklist accordingly. After satisfyinghimself/herself,the KYCshallbecertifiedbyBranchHead.Accountswouldbeopened by CPU /RPUs (when made operational till such time Branch would continueopening the accounts) after the complete account opening form is received from thebranches.

8. VerificationofIntroduction:

8.1 VerificationofIntroduction:

(i) Thebranchshallcrosscheckbymeansofpostorinpersonregardingthegeniuses of the introducer who has affixed introductory signature. If the introducerconfirms having introduced the new customer, a remark shall be written in the accountopening form under the signature of the Officer / Manager. Otherwise, the matter mustbe taken up with the concerned new customer and withdrawals permitted only aftermatterissortedoutwiththenewcustomer.

(ii) It is preferable to obtain introduction signature from parties who are in the same lineofbusiness and thepotentialcustomers may beadvisedaccordingly.

Forinstance:

(a) Introductionforanexportclientmaybefromanotherexportclient.
(b) Introduction for an agricultural unit may be from anotheragriculturalunitetc.,

Thiswayitwillbeeasytocrosscheckparticularsofthenewcustomersfromtheintroducers.

8.2IntroductionforRelativesbystaffmembers:

Staff members can introduce their relatives to open accounts provided they are fullyaware of the particulars of their relatives. As a matter of prudence, Manager, Officers /Staffshallnotintroduceoutsidersunlesstheidentityandintegrityofthepersonsare very wellknown to them.

8.3 IntroductionbyanNPACustomer:

(i) Introduction by an NPA party shall be subjected to extra care. It shall be verifiedwhetherthenewaccountisforthepurposeofroutingcertaintransactionstoconcealthe same from the bank i.e., whether the new account holder is a front person / firm /companyfortheNPABorrower.
(ii) For the same reason, no current account shall be opened or discounting / purchaselimits granted for parties who are NPA borrowers with other banks. In such cases therequest from the parties must be politely declined stating that they should obtain anNOCfrom theirmainbanker forthe purpose.

8.4 OtherBank(s)Borrowers:

(i) Wheneveritis found thattheborrowablecustomeris havingaccountswithotherbanks,confidentialopinionaboutsuchborrowersmustbesoughtas amatterofroutine.Incasereplyisnotforthcomingfromtheotherbank,formorethanafortnight,then the account maybeentertainedforopening(subjecttoobservingduediligence).
(ii) InrespectofpartieshavingmajorborrowableaccountswithotherbanksourBankshouldexercised uediligenceinascertainingtheantecedentsandtrackrecordofsuch borrowableaccountbeforetakeover.

9 Consortium:

WhereourBankisamemberofaconsortium,ourrepresentativeshouldcallforoperational information in the hands of the leader ofthe consortium regarding theborrowerand keepthesameupdatedin thecustomerprofile.

10. MonitoringofTransaction

Branches are advised to mandatorily obtain either PAN or Form 60/61 (if PAN is not available) foropening of accounts and also at the time of accepting cash receipt for Rs. 50,000/- and above. If thecustomerappearstobestructuringthetransactionsintoaseriousoftransactionsbelowthethresholdofRs.50,000/-,branchesarerequiredtoobtainPANorForm60/61(ifPANisnotavailable)fromthe customer.Branchesareadvised toaggregate the splittransactionsacrossaccounts ofsame customer to decide on the matter ofobtain ofPAN or Form60/61,whereverthe aggregateamount oftransactionsisRs.50,000/-andabove.

10.1 Meaning: BanksarerequiredtoreportsuspicioustransactionstotheFIU-IND.ThisrequirestheBankstoputinplaceaformalprocessforidentifyingsuspicioustransactionsa ndaprocedureforreportingthesameinternally. Thisprocess isknownas transactionmonitoring.

Monitoring customer activity helps identify unusual activity. If unusual activities cannotbe rationally explained, they may involve money laundering or terrorist financing. Monitoringcustomer activity and transactions that take place throughout a relationship helps the banks toknow their customers, assess risk and provides greater assurance that the Bank is not beingused for the purposes of financial crime. Thus monitoring means analysis of a customer'stransactionstodetectwhetherthetransactionsappeartobesuspiciousfrom anAMLorCFT.

10.2 MethodsofMonitoring:

Bankwilladoptfollowing mechanismstoidentifysuspicious transactions.

(i) Observation: The staff at the bank's branches will at the time of processing thetransaction or otherwise come across certain transactions not in line with theprofileofthecustomer.Certainbehaviordisplayedbythecustomerduringtheir interactions with such customer may also lead to suspicion. Bank branchstaff will report such instances to the principal officers/ his representatives sothatadditionalduediligencemaybedoneonsame.Alistofbehavioralindicatorsthatshouldtrigger suspicionisenclosed as**AnnexureIV.**

(ii) AML Software: Bank will have an AML software to generate alerts/ exceptionsand then channel these alerts for suitable due diligence and reporting. AlertsconcludedtobesuspiciousmightbereportedtotheFIU-INDthroughtheprincipalofficer.

10.3 ReportingobligationunderPMLA

In terms of the Rules notified under Prevention of Money Laundering Act, 2002(PMLA) certain obligations were cast on banking companies with regard to reporting ofcertaintransactions.TheRBIhasissuedcircularNo DBOD.NO.AML.BC.63 /14.01.001/2005-06datedFebruary15,2006andDBOD.AML.BC.No.85/14.01.001/ 2007-08 dated May 22, 2008, detailing the obligation of banks in terms of the Rulesnotified under PMLA. Accordingly, Banks are required to make the following reports totheFIU-IND.

_CashTransactionReporting(CTR)
_CounterfeitCurrencyReporting(CCR)
_SuspiciousTransactionReporting(STR)

(i) CashTransactionReporting(CTR)

AsperthePMLArules,Bank is requiredtosubmit thedetails of:

(a) Allcashtransactionsofthevalueofmorethanrupeestenlakhoritsequivalenti nforeigncurrency.

(b) all series of cash transactions integrally connected to each other which have been***individually***[10] valued below rupees ten lakh or its equivalent in foreign currencywhere such series of transactions have taken place within a month ***andthemonthly aggregate exceeds rupees ten lakh or its equivalent inforeigncurrency***[11]

The format for reporting of the above-mentioned cash transactions, known asCash Transaction Report (CTR) has been provided by the RBI vide its circular datedFebruary 15, 2006. This report is required to be filed on a monthly basis by 15th of thesucceedingmonththeBankwill adheretothis.

(ii) CounterfeitCurrencyReporting(CCR)

The PMLA Rule 3(1)(C) read with rule 8 requires the reporting of all cashtransactions where forged or counterfeit Indian currency notes have beenused asgenuine. The RBI vide circular dated May 22, 2008 provided the format in which theCCRneedstobereportedtotheFIU-IND.Thesaidreportisrequiredtobefilednot laterthan**"hadtobereportedbythe15th dayofthesucceedingmonth."** from the date of occurrence of such transactions. Bank should also include

transactionswhere forgery of valuable security or documents has taken place and may be reportedtoFIU-INDin plaintext form Bankwilladhere tothis.

(iii) SuspiciousTransactionReport(STR)

ThePMLARule3(1)(D)readwithrule8requiresthereportingofallsuspicioustransactionswhether or not made incash.TransactionReport (STR) shouldbefurnishedwithin7 days ofarriving ataconclusionthatanytransaction,is ofsuspicious nature.

The Principal Officer should record his reasons for treating any transaction or a series oftransactions as suspicious. It should be ensured that there is no undue delay in arriving at sucha conclusion once a suspicious transaction report is received from a branch or any other office.In determining whether the transaction is suspicious or not, Bank will need the indicators ofsuspicion. Indicative lists of such indicators are listed in **Annexure V**. In case the STR is repeatedlyreported,bankwillconsiderclosingthe account.Howevercustomershould notbetippedoff.

(iv) CrossBorderWireTransfer[13]

Allcrossborderwiretransfersofthevalueof morethanrupeesfivelakhsoritsequivalent in foreign currency where either the origin or destination of fund is in India; to bereportedtoFIU-IND

11. RiskManagement

TheBankisexposedtoreputational,compliance,operationalandlegalriskifitfailstoimplementandadhere the KYC and AML standards thus The Hisar Central Cooperative Bank Ltd. Will adopt the followingguidelinestomitigatetheserisks

Themanagementofthebankwillensurethatappropriaterisk-basedpoliciesareinplaceacrossdifferent aspects of the business. The bank will should adopt an approach to mitigate risk of being used for thepurposes of money laundering or terrorist financing. For this it will review the KYC policies from time to time andwill take ownership of the risk-based approach, since the management will be held accountable if the approach isinadequate.Business CommitteewillreviewtheKYC/AML policyfromtimeto time.

9.1 Bank'sInternalAuditofcompliancewith**KYC/AMLPolicy**willprovideanindependentevaluation ofthesameincluding legalandregulatoryrequirements.

9.2 ThePrincipalOfficerdesignatedbytheBankinthisregardwillhaveoverallresponsibilityfor maintaining oversightandcoordinatingwith variousagenciesinthisregard.

12. EmployeeTraining

Bank would endeavor to train all its employees through internal training and by briefing theemployees aboutthe latestupdatesonthe issueofKYCandAML.

12.1 Bank will also facilitate the employees to attendthe training programmes conducted by STC/ RICM/BIRD other such institutes which have the trainingprogrammes,havingamoduleonKYCStandards/ AML/CFT Measures so that members ofthe staff are adequately trained in **KYC/AML/CFT**procedures.

12.2 Recordswillbekeptofallformaltrainingconducted. These records will include the namesandotherrelevantdetails,datesand locations ofthetraining

12.3 Recruitment/HiringofEmployees

KYCnorms/AMLstandards/CFTmeasureshavebeenprescribedtoensurethatcriminals are not allowedto misuse channels ofThe Hisar Central Co-operative Bank Ltd.Hisar The bank will put in place necessary and adequate screening mechanism as an integralpart of its recruitment/hiring process of personnel to ensure that the no such element isrecruitedorhiredwhomaymisusethechannelofthe Bank.Bankwillhaveapoliceverificationdonefor everyrecruitment/hiring itmakes.

12.4CustomerEducation

TheHisarCentralCooperativeBankLimitedHisarrecognizestheneedtospreadawareness on KYC, Anti Money Laundering measures and the rationale behind them amongstthe customers and shall take suitable steps for the purpose. The branch staff would bespeciallytrainedtoeducatethecustomersregardingtheobjectivesof theKYCprogramme.

13.InternalControlandSystem

13.1 Appointmentof Principal Officer

The Incharge Inspection Cell shall be the Principal Officer ofthebankandshallberesponsibleformonitoringandreportingofalltransactions and sharing of information as required under the law. He will maintain close liaisonwith enforcement agencies, banks and any other institutionwhich are involved in the fightagainstmoneylaunderingandcombatingfinancingofterrorism.

13.2. Appointmentof Designated Director

The CEO/General Manager of the Bank shall be the Designated Director of the bank and shall be responsible to observe the procedure and the manner of furnishing information as prescribed by commission FIU.

1. The name, designation and address of the Designated Director will be communicated to theDirector, FIU-IND. it shall be the duty of Designated Director, to observe the procedure andmanneroffurnishingandreportinginformationontransactionsreferred to inPMLRule3.[14]
2. AppointmentofPrincipalOfficer
   The Board of Directors will appoint the GM/ CEO as Principal Officer (PO) who will observe
   theprocedureandmanneroffurnishingandreportinginformationontransactionsreferredtoin PMLRule3.Thename,designationandaddressoftheDesignatedDirectorwillbecommunicate dtotheDirector, FIU-IND[15]
3. Guidanceagainst"Tippingoff"
   Senior management should provide sufficient guidance to staff to ensure that the customersare not informed (i.e. tipped off) that his/her accounts are under monitoring for suspiciousactivities and/orthat adisclosurehasbeenmadetotheFIU-IND.
4. Reportinglineswillbe directwiththe(PO) withtheminimumnumberof peoplebetween the person with the suspicion and the PO. The speed, confidentiality and accessibility to the PO willbe ensured. All procedures will be documented in an appropriate manual or handbook and jobdescriptions drawn up. All suspicions reported to the PO will be documented (in urgent cases thismay follow an initial discussion by telephone).All internal enquiries made in relation to the report,andthe reasonbehindwhetherornottosubmitthe reporttotheFIU-IND,willbe documented.
   This information may be required to supplement the initial report or as evidence of good practiceand best endeavors if, at some future date, there is an investigation and the suspicions areconfirmed.

5. Whataretheroles andresponsibilitiesofthe staff
   Staff will be regularly kept abreast with AML information relevant to their role.

Thecommunication of a Bank's policies and procedures to its staff to prevent money laundering,and the training in how to apply those procedures, is the key to the success of anti-moneylaunderingstrategies.

14. RecordKeeping

The investigating authorities need to ensure a satisfactory audit trail for suspectedmoney laundering transactions and to be able to establish a financial profile of thesuspect account. For example, to satisfy these requirements the following informationmaybe soughtbytheinvestigatingauthorities:

_thebeneficialowner oftheaccount;

_thevolume offundsflowingthroughtheaccount;

_forselectedtransactions:

a) Theoriginofthefunds(ifknown)
b) Natureofthetransactions;
c) Theamountofthetransactions andthecurrencyinwhichitwasdenominated.
d) Thedateon which thetransactionwas conducted;
e) Theforminwhichthefundswere offeredor withdrawni.e.cash,chequeetc;
f) Theidentityofthepersonundertakingthetransaction;
g) Theparties tothetransaction;
h) Thedestinationofthefunds;and
I) Theformofinstructionandauthority.

TheHisarCentralCooperative Bank Limited Hisar willthusmaintaintherecordaccordingly and
will:

a) Maintain proper record of all transactions involving receipts by any customer includingnon-profit organizations of value more than rupees ten lakh or its equivalent in foreigncurrency and to forward be port to FIU-IND of all such transactions in the prescribedformateverymonthbythe 15th ofthe succeedingmonth.
b)In case of transactions carried out by a non-account based customer, that is a walk-incustomer, where the amount of transaction is equal to or exceeds rupees fifty thousand,whether conducted as a single transaction or several transactions that appear to beconnected, the customer's identity and address should be verified. Further, if a bank hasreason to believe that a customer is intentionally structuring a transaction into a seriesoftransactionsbelowthethresholdofRs.50000/-thebankshouldverifyidentityand Addressofthecustomerandalsoconsiderfilingasuspicioustransactionreport(STR)toFIU-IND**.**

15. EvaluationsofKYCguidelinesbyinternalauditandinspectionsystem.

The Internal Audit and Internal Control team of the bank would be responsible to ascertain theeffectiveness and efficiency of the AML framework of the bank. This would specifically include checkingthe adequacy of policies, procedures, and system support to detect suspicious and potential moneylaundering transactions, and the subsequent monitoring and reporting to regulators, FIU-IND and seniormanagement.

PeriodicUpdationofKYC

A. CDD requirementsforperiodicupdation:

Bankshallhaveasystemofperiodicalupdationofcustomeridentificationdata(includingphotograph/s)asunder**:**

(i) Branches should apply client due diligence measures/full KYC exercise to existing clients at leastevery two years for high risk customers, every eight years for medium risk customers and every tenyears for low risk customers taking into account whether and when client due diligence measureshavepreviously beenundertakenand theadequacy ofdataobtained.

FullKYCexercisemayincludeallmeasuresforconfirmingidentityandaddressandotherparticulars of the customer that the Bank may consider reasonable and necessary based on the riskprofile of the customer. The time limits prescribed above would apply from the date of opening of theaccount/lastverificationofKYC.

Branches should carry out ongoing due diligence of existing clients in order to ensure that theirtransactions are consistent with the Bank's knowledge of the client, his business and risk profile andwherenecessary,thesourceoffunds.

Branches should undertake client due diligence measures while commencing an account-basedrelationship. Such measures include identifying and verifying the customer and beneficial owner onthe basisofreliableandindependentinformationanddata ordocumentation**.**

The periodicalverification/updating ofcustomer data shall bedone irrespective ofwhether theaccount hasbeen transferred fromone branch to anotherand Bankshall maintain recordsoftransactionsasprescribed.

Branches other than Home (Base) Branch shall perform Full KYC exercise/ Positive confirmation,whenever the customer approaches that branch and requests the branch to complete the Full KYCexercise/Positiveconfirmationbysubmittingtherequireddocuments.Suchbranchesshouldexercise duediligenceinverification of the documents and updating of the details in the CBSsystem.

(ii) Branchesneednot seekfresh proofsofidentityandaddressatthe timeofperiodicupdating fromthosecustomerswhoarecategorizedas„lowrisk",incaseofnochangeinstatuswithrespect totheiridentitiesandaddresses.Aself-certificationby thecustomertothateffectshouldsufficeinsuchcases. In case of change of address of such „low risk" customers, they could merely forward acertifiedcopyofthedocument(proofofaddress)bymail/post,etc.Branchesneednotinsistonphysicalpresenceofsuchlowriskcustomeratthetimeofperiodicupdating.

(iii) Fresh photographs and Officially Valid Documents shall be obtained fromminorcustomeronbecomingmajor.

16. CLASSIFICATIONOFINOPERATIVE/DORMANT ACCOUNTS:

16.1.1

PotentialDormantAccounts:Accountsinwhichtherearenocustomerinducedoperations (i.e. no credit or debit other than crediting of periodic interest or debiting of servicecharges) for more than one year. Though such accounts are in active status, it is calledpotentiallydormantaccount.Ifsuchaccountsareoperatedintime,itwillnotturnintodormantaccounts.

16.1.2 Inoperative / Dormant Accounts: A savings as well as current account shall be treatedas inoperative / dormant if there are no transactions in the account for over a period of twoyears. In case of term deposits, the 2-year period shall be reckoned after the date of maturity.Forthepurposeofclassifyinganaccountas"inoperative"boththetypeoftransactionsi.e. debitas well as credit transactions induced at the instance of customers as well as third party willbe considered. However, the service charges levied by the bank or interest credited by thebankwillnotbeconsidered.

Theremay beinstances where thecustomer has given a mandateforcrediting the interestonterm deposit account and / or crediting dividend on shares tothe savingsbank accountand there are no other operations in the savings b ank account. Since the interest on termdeposit account and / or dividend on shares is credited to the savings bank accounts as perthe mandate of the customer, the same shall be treated as a customer induced transaction.As such, the account should be treated as operative account as long as the interest on termdeposit account and /or dividend on shares is credited to the savings bank account.Thesavings bank account can be treated as inoperative account only after two years from thedateofthelastcreditentryof theinterestontermdepositaccount.

16.1.3UnclaimedDeposits:

CurrentandSavingsaccountwherenocustomerinducedtransactionshastakenplaceforlast10yearsandTimeDepositorOtherCreditswhichisnotwithdrawnin10yearsafteritsmaturitydate are classifiedas unclaimed deposits.

16.2ANNUALREVIEWANDSTEPSTOBETAKENINACCOUNTSWHICHARENOTOPERATEDFOR MORE THAN ONE YEAR:

2.1 Branches shall make an annual review of accounts in which there are no operations (i.e.,no credit or debit other than crediting of periodic interest or debiting of service charges) formore than one year. The branches may approach customers and advise them in writing thattherehasbeennooperationintheiraccountsandascertainthereasonsforthesame.Incasethe non-operation in the account is due to shifting of the customer from the locality, they maybe asked to provide the details of the new bank account to which the balance in the existingaccountcould be transferred.

2.2 If the letters are returned undelivered, the customers shall immediately be put on enquirytofind outtheirwhereaboutsor theirlegal heirsin casetheyaredeceased.

2.3 In case the whereabouts of the customers are not traceable, branches will considercontacting the persons who had introduced the account holder. Branches may also considercontacting the employer / or any other person

whose details are available with bank's record.Branchesmayalsoconsidercontactingtheaccountholdertelephonicallyincasehistelephonenumber / cell number has been furnished to the bank. In case of Non-Resident accounts, thebranches may also contact the account holders through email and obtain their confirmation ofthedetails oftheaccount.

2.4 In case, any reply is received from the account holder giving the reasons for not operatingtheaccount,bank/branchmaycontinueclassifyingthesameasanoperative accountforonemore year within which period the account holder shall be requested to operate the account.However, in case the account holder still does not operate the same during the extendedperiod, bank / branch shall classify the same as inoperative account after the expiry of theextendedperiod.

2.5 Bank / branches will also communicate the account holders through SMS / e-mail / letteron their registered contact details with the Bank, three months prior to categorization of suchaccounts as Inoperative/Dormant. In caseofjoint accounts, joint holders will alsobecommunicated as per time stipulated above i.e., three months prior to categorization asInoperative/ DormantAccount.

16.3 IDENTIFICATIONOFTHEINOPERATIVE/DORMANTACCOUNTS:

3.1 The Identification of the inoperative accounts is from the point of view of reducing risk offrauds, etc. in such accounts. However, the customers should not be inconvenienced in anyway, just because his / her account has been rendered inoperative. The classification is thereonly to bring to the attention of dealing staff, the increased risk in the account. The transactionmay be monitored at a higher level both from the point of view of preventing fraud and makinga Suspicious Transactions Report. However, the entire process should remain un-noticeable bythecustomer.

3.2 Interest on savings bank accounts shall be credited on regular basis whether the accountis operative or not. If a Term Deposit Receipt matures and proceeds are unpaid, the amountleft unclaimed withthebank will attractsavingsbankrate of interest if auto renewal facilityatthe timeofplacingthe depositwasspecificallyrefusedbythecustomer.

3.3 Amounts lying in inoperative accounts shall be properly audited by the Internal / StatutoryAuditorofthebank.

16.4 BANK'SEFFORTSFOR ACTIVATIONOFINOPERATIVE ACCOUNTS:

4.1 Campaigns focusing on activation of inoperative accounts will be launched twice duringayearinthemonthofMayandNovembertoupgradetheaccounts tooperativestatus.

4.2 All inoperativeaccounts, which are not operatedfor more than 2 years with a balanceabove Rs.2, 000 /- willbeidentifiedthroughthesystemeveryhalfyearandsuitablecommunication exhortingthecustomers to activatetheiraccountsor to get the accounttransferredto a branchnearerto them withoutchangingthenumber(accountnumberportability)or to indicatetheirotherbankaccountnumber,incase they

cannotcontinuebankingrelationshipwithourBankforanyreason.

4.3 In all suchcases,wheretheaccountscontinuetobe inoperativeevenaftersendinga writtenreminder,the customerswillbe contactedoverphoneor in person for gettingthe accountsactivatedand a record thereofshall be maintainedat the branch.In caseswheretheletterssent by theBank are returnedundelivered,the branchshouldmakeeffortsto contactthe customerimmediatelythereafterby approachingthe introducerortheneighborsin thevicinityandgettinginformationonhispresentwhereabouts.

4.4 Inallothercases, i.e.accounts withbalances uptoR s *.2,000/-*, systemgeneratedreminders will be sent every year from the date of categorization of accounts as inoperativeandnecessary follow-up through phonecalls / personal visitstothe address givenatthetime ofaccount opening /modification for getting the account activated. Helpoftheintroducerortheneighborswillalsobetakentocontactthecustomerforactiv ationoftheaccountortogetthe detailsoflegalheirsincasetheaccountholderisdeceased.

16.5 OPERATIONSININOPERATIVE/DORMANTACCOUNT:

5.1 Operations in inoperative / dormant accounts may be allowed after due diligence as perrisk category ofthecustomer.Due diligence wouldmean ensuring genuineness of thetransaction, verification of the signature and identity etc. However, it has to be ensured thatthecustomerisnotinconveniencedasaresultofextracaretakenbythebank.

5.2 When a request for activation of a dormant account is received, approval for activationshouldbeaccordedbyadesignatedofficeratthebranch.He/shewillverifyan dsatisfyhimself / Herself that the account was opened in a KYC compliant manner and the reasons adducedby the account holder for not operating the account are genuine. Documentary evidence ofnew residential proof shall be obtained, if the depositor could not be contacted at the lastaddress furnished to the Bank. Further, the amount of deposit available in the account shouldcommensurate with the occupation level of the customer, as declared in the account openingform.

Note: Astheaccountturnstodormantsincenocustomerinducedtransactionsaredoneintheaccou nt for last two years, branches should invariably advise the customer to do the at leastonetransactionafteractivationofaccountelseaccountwillcontinuetobeclassifiedasdor mant

5.3 Charges for account activation and penal charges for non-maintenance of minimumbalancesare**notapplicable**in inoperative /dormantaccounts.

17. DEPOSITOREDUCATIONANDAWARENESSFUNDSCHEME(DEAF)-2014:

17.1 In terms of announcement of Monetary Policy 2013-14 and pursuant to the enactment ofthe Banking Laws (Amendment) act , 2012, Section 26A has been inserted in the BankingRegulation Act, 1949,which inter alia empowered Reserve Bank of India to establish **TheDepositorEducationandAwarenessFund(theFund)**.Thesameisnotifiedby

GovernmentofIndiaon May24,2014
andtheschemeisoperationalizedfrom24thMay2014.

18. Duties/ResponsibilitiesandAccountability

The primary responsibility of ensuring implementation of **KYC/AML/CFT Policy**and related guidelines will be vested with the respective Branch Manager and theBranch staff involved in account opening, however the duties and responsibilities are asgivenin**Annexure V.**

19. Somespecialcases

19.1 SmallDeposit(NoFrills)Accounts:

Small accounts will be opened in accordance with master circular RPCD.CO.RCB.No.63/07.40.00/2010-11 Dated 26.04.2011.

With a view to ensuring financial inclusion such that persons, especially thosebelonging to low income group both in urban and rural areas, who are not able toproduce such documents required by the Bank to satisfy about their identity andaddress, are not denied banking services, branches willopen Small Deposit (NoFrills) accounts, for natural persons only, with relaxed KYC standards, as detailed intheoperatingguidelines.

1.1 Persons desirous of opening such accounts can keep aggregate balances notexceeding Rs.50000/- (Rupees fifty thousand only) in all their accounts taken togetherinafinancialyear.

1.2 Theaggregateofallwithdrawalsandtransfersinamonthdoesnotexceed Rs.10000/-.

1.3 The total credit, again in all accounts taken together, should not exceed Rs.100000/- (Rupeesonelakhonly)inafinancialyear.

If at any point, the aboveconditionsareviolatedno further transactions willbe permitted until full KYC procedure is completed**.** Bank would notify the customerswhenthe balancesreachRs.99000/-.

1.4 An individual who desires to open a Small account may be allowed to opensuch account on production of self-attested photographs and affixation of signature orthumb print on the account opening form. The Bank would maintain single pageaccountopening applicationformforthepurpose.

1.5 The small account will be operational for two years initially and would bereviewed for further extension by the Branch depending upon the requirement by thecustomer.

20. <u>StatutoryRequirements&Regulatory:</u>

<u>1. I.T.Regulations</u>:

(i) PermanentAccountNumbermustbequotedinallaccountopeningforms.Intheabsenceo fPANformalitiesrequiredbyI.T.dept.aretobegone through.

(ii) Notime depositistobe acceptedin cashexceedingRs.50, 000/-onanyone day.

(iii) DDsshouldnotbe issued against cashexceedingRs.50, 000/- onanyday.

(iv) NoDepositincashaggregatingRs.50, 000/-istobeacceptedinanyaccountonany oneday.

2. PreventionofMoneyLaunderingAct:

Branchesshouldensurethatarecordoftransactionsintheaccountsispreservedandmaintainedasrequiredinsection12ofPMLAct2002.Itisalsotobeensuredthattransactionsofsuspiciousvalueandanyothertypeoftransactionnotifiedundersection12ofPML Act2002 is reportedtothe appropriate lawenforcementauthorities.

3. HighValueTransactionsBranches:

Branches should ensure to maintain proper record of all cash transactions (Deposits /Withdrawals) ofRs.10 lakhs and above. The information monitoring system shouldhaveaninbuiltprocedureforreportingofsuchcashtransactionsandthoseofsuspicious nature totheheadofficeonafortnightly basis.

4. Maturity proceeds of deposits in aggregate (principal Interest) for an amount ofRs.20,000/- and above should be repaid only by means of an account payee DD / payorderorby creditto thedepositors operativeaccountwiththe branch.

21. IntroductionofNewTechnologies– Creditcards/debitcards/smartcards/giftcards.

21.1 Appropriate KYC procedures shall be duly applied to customers using new technologydriven products. Special attention to any money laundering threats that may arise from new ordeveloping technologies including internet banking that might favor anonymity shall be paidand if needed, necessary measures shall be taken to prevent their use in money launderingschemes.

21.2 Bank is engaged in the business of issuing a variety to Electronic Cards that are usedby customers for buying goods and services, drawing cash from ATMs, and can be used forelectronic transfer of funds. Full compliance with all KYC/AML/CFT guidelines issued from timetotime,inrespectofadd-on/supplementarycardholdersalsoshall beensured.

21.3 CorrespondentBanking.

21.3.1 Correspondentbankingistheprovisionofbankingservicesbyonbank(the"correspondentbank")toanotherbank(the"respondentbank").Theseservicesincludecash/funds management, international wire transfers, drawing arrangements for demand draftsand mail transfers, payable-through-accounts, cheque clearing etc. These guidelines are notapplicable to establishing Relationship Management Application (RMA) with correspondentbanks. The establishmentofRMAwithcorrespondentbanks shall be interms ofBank'sguidelines on exchangeofRMA authorization.

21.3.2 Bank shall gather sufficient information to understand fully the nature of the business ofthe correspondent/respondentbank.Information on the other bank's managementmajorbusiness activities, level of AML/CFT compliance, purpose of opening the account, identity ofany third party entities that will use the services, and regulatory/supervisory framework in therespondent's country may be obtained. Similarly, Bank shall ascertain from publicly availableinformation whether the other bank has been subject to any money laundering or terroristfinancing investigation or regulatory action. Such relationships shall be established with theapproval of ALCO and put up to the Board at its next meeting for post facto approval. Theclosing of such

accounts shall be authorized by CGM-TBG and the same shall be reported toALCO for information. The responsibilities of each bank with whom correspondent bankingrelation shop is established shall be clearly documented. In the case of payable-through-accounts, the bank should be satisfied that the respondent bank has verified the identity of thecustomers having direct access to the accounts and is undertaking ongoing 'due diligence' onthem. The bank shall also ensure that the respondent bank is able to provide the relevantcustomeridentification dataimmediatelyonrequest.

21.3.3 Thefollowingshallbeascertainedwhilegivingapprovalforopeningofsuchaccounts:

- Sufficientinformationtounderstandfullythenatureofthebusinessofthecorrespondent/respondent bank.
- Informationoftheotherbank'smanagement.
- Majorbusinessactivities.
- LevelofAML/CFTcompliance.
- Purposeofopening theaccount.
- Identityof anythirdpartyentitiesthat willusethecorrespondent bankingservices.
- Regulatory/supervisoryframeworkinthecorrespondent's/respondent'scountryand
- Informationfrompubliclyavailablesourcewhetherthatbankhasbeensubjecttoanymoneylaundering orterroristfinancinginvestigation orregulatoryaction.

21.4 Correspondentrelationshipwitha"ShellBank"

Acorrespondentrelationshipwitha'Shellbank'(i.e.abankwhichisincorporated in a country where it has no physical presence and is unaffiliated to anyregulated financial group) shall not be entered. Shell banks are not permitted to operatein India. Bank shall not enter into relationship with shell banks and before establishingcorrespondent relationship with any foreign institution, shall take appropriate measurestosatisfythattheforeignrespondentinstitutiondoesnotpermititsaccountstobeusedbyshellbanks.Whilecontinuingrelationshipswithrespondentbankslocatedincountries with poor KYC standards and countries identified as 'non-cooperative' in thefight against money laundering and terrorist financing, extra caution shall be exercised.The respondent banks shall have anti money laundering policies and procedures inplaceandshallbeapplyingenhanced'duediligence'proceduresfortransactionscarriedoutthroughthe correspondentaccounts.

22. WireTransfer

Bankisusingwiretransfersasanexpeditiousmethodfortransferringfunds Betweenbankaccounts,Wiretransfersincludetransactionsoccurringwithinthenational boundaries of a country or from one country to another. As wire transfer do notinvolveactualmovementofcurrency,theyareconsideredasarapidandsecuremethodfor transferringvaluefromonelocationtoanother.

22.1 Thesalientfeaturesofawiretransfertransactionare asunder:

a) Wiretransferisatransactioncarriedoutonbehalfofanoriginatorperson (both natural and legal) through a bank by electronic means with a viewto making an amount of money available to a beneficiary person at a bank. Theoriginator andthebeneficiarymaybe thesame person.
b) Cross-border transfer means any wire transfer where the originator andthe beneficiary bank or financial institutions are located in different countries. Itmayincludeanychainofwiretransfersthathasatleastoncross-borderelement.
c) Domestic wire transfer means any wire transfer where the originator andreceiver are located in the same country. It may also include a chain of wiretransfers that takes place entirely within the borders of a single country eventhough the system used to effect the wire transfer may be located in anothercountry.
d) The originator is the account holder, or where there is no account, theperson (natural or legal) that places the order with the bank to perform the wiretransfer.

22.2 Wire transfer is an instantaneous and most preferred route for transfer of fundsacross the globe and hence, there is a need for preventing terrorists and othercriminals from having unfettered access to wire transfers for moving their fundsand for detecting any misuse when it occurs. This can be achieved if basicinformationontheoriginatorofwiretransfersisimmediatelyavailabletoappropriate law enforcement and/or prosecutorial authorities in order to assistthem in detecting, investigating, prosecuting terrorists or other criminals andtracing their assets. The information can be used by Financial Intelligence Unit –India (FIU-IND) for analyzing suspicious or unusual activity and disseminating itasnecessary.Theoriginatorinformationcanalsobeputtousebythebeneficiarybanktofacilitateidentificationandreportingofsuspicioustransactions to FIU-IND. Owingto the potential terrorist financing threat posedby small wire transfers, the objective is to be in a position to trace all wiretransfers with minimum threshold limits. Accordingly, Bank shall ensure that allwiretransfersareaccompanied bythe followinginformation:

22.3 Cross-borderwire transfers.

i) Allcross-borderwiretransfersmustbeaccompaniedbyaccurateandmeaningfuloriginatorinformation.

ii) Information accompanying cross-border wire transfers must contain the nameand address of the originator and where an account exists, the number of thataccount. In the absence of an account, a unique reference umber, as prevalentinthe countryconcerned,mustbe included.

iii) Whereseveralindividualtransfers froma singleoriginatorarebundledinabatch file for transmission to beneficiariesinanother country,they may beexempted from including full originator information, provided they include theoriginator'saccountnumberoruniquereferencenumberasat(ii) above.

22.4 Domesticwiretransfers.

i) Information accompanying all domestic wire transfers of Rs.50000/- (RupeesFifty thousand)and above mustinclude complete originatorinformation i.e.name,addressandaccountnumberetc.,unlessfulloriginatorinformationcanbemadeavailableto thebeneficiarybank byothermeans.

ii) If bank has reason to believe that a customer is intentionally structuring wiretransfertobelowRs.50000/-(RupeesFiftythousand)toseveralbeneficiariesinordertoavoidreportingormonitoring,thebankmustinsistoncompletecustomeridentificationbeforeeffectingthetransfer.Incaseofnon-cooperationfromthecustomer, efforts would be made to establish his identity and Suspicious TransactionReport(STR)would be madeto FIU-IND.

iii) Whenacreditordebitcardisusedtoeffectmoneytransfer,necessaryinformationas(i)above should beincluded inthemessage.

22.5 Exemptions

Interbanktransfersandsettlementswhereboththeoriginatorandbeneficiaryare banksorfinancialinstitutionswouldbe exemptedfromtheaboverequirements.

22.6 Role ofOrdering,IntermediaryandBeneficiarybanks

(a) OrderingBank

An ordering bank is the one that originates a wire transfer as per the order placed by itscustomer.Theorderingbankmustensurethatqualifyingwiretransferscontaincomplete originator information. The bank must also verify and preserve the informationat leastfora period often years.

(b) Intermediarybank

For both cross-border and domestic wire transfers, a bank processing an intermediaryelementofachainofwiretransfersmustensurethatalloriginatorinformationacc

ompanying a wire transfer is retained with the transfer. Where technical limitationspreventfulloriginatorinformationaccompanyingacross-borderwiretransferfromremaining with a related domestic wire transfer, a record must be kept at least for tenyears (as required under Prevention of Money Laundering Act, 2002) by the receivingintermediarybankofall the informationreceivedfromtheordering bank.

(c) A beneficiary bank should have effective risk-based procedures in place toidentify wire transfers lacking complete originator information. The lack of completeoriginatorinformation may be considered as a factor inassessingwhethera wiretransfer or related transactions are suspicious and whether they should be reported totheFinancialIntelligenceUnit-India. Thebeneficiarybankshouldalsotakeupthematterwiththeorderingbankifatransactionisnot accompaniedbydetailedinformation of the fund remitter. If the ordering bank fails to furnish information on theremitter,thebeneficiarybankshouldconsiderrestrictingoreventerminatingitsbusiness relationship with theordering bank.

23. CombatingFinancingtoTerrorism

23.1 In terms of PMLA Rules, suspicious transaction would include inter alia transactionswhich give rise to a reasonable ground of suspicion that these may involve financing of theactivities relating to terrorism. Suitable mechanism shall be developed through appropriatepolicy framework for enhanced monitoring of accounts suspected of having terrorist links andswift identification of the transactions and making suitable reports to the Financial IntelligenceUnit–India (FIU-IND)onpriority.

23.2 As and when list of individuals and entities, approved by Security Council Committeeestablished pursuant to various United Nations Security Council Resolutions (UNSCRs), arereceived from Government of India, Reserve Bank circulates these to all banks and financialinstitutions,whichisavailableintheBank'sIntranet.Further,theupdatedlistofsuchi ndividuals/entitiescanbeaccessedintheUnitedNationswebsiteathttp;//www.un.org/sc/co mmittees/1267/consolist.shtml. Before opening any new account it shallbeensuredthatthename/softhe proposedcustomerdoes notappearinthe list.

24. Freezingof AssetsunderSection51AofUnlawfulActivities(Prevention)Act,1967.

i) The UnlawfulActivities(Prevention)Act,1967 (UAPA)hasbeenamendedby theUnlawful Activities (Prevention) Amendment Act, 2008. Government has issued anOrder dated August 27, 2009 detailing the procedure for implementation of Section 51Aof the Unlawful Activities (Prevention) Act, 1967 relating to the purposes of preventionof,andforcopingwithterroristactivities.IntermsofsectionS1A,theCentralGover nment is empowered to freeze, seize or attach funds and other financial assets oreconomic resources held by, on behalf of or at the direction of the individuals or entitiesListed in the Schedule to the Order, or any other person engaged in or suspected to beengaged interrorismandprohibitanyindividualorentity from makingany funds,financialassetsoreconomicresourcesorrelatedservicesavailableforthebenefitofth e individuals or entities listed in the Schedule to the Order or any other

personengagedin orsuspectedtobe engagedinterrorism.

ii) AMLcellshallensurethattheprocedurelaiddownintheUAPAOrderdatedAugust27, 2009 (**Annexure V)** are strictly followed and shall ensure meticulous compliance totheOrderissuedbytheGovernment.

iii) On receipt of the list of individuals and entities subject to UN sanctions from RBI, Bankshallensureexpeditiousandeffectiveimplementationoftheprocedureprescribedunder Section 51A of UAPA in regard to freezing/unfreezing of financial assets of thedesignated individuals/entities enlisted in the UNSCRsand especially,in regard tofunds financial assets or economic resources or related services held in the form ofbank accounts.

iv) In terms of Para 4 of the Order, in regard to funds, financial assets or economicresources or related services held in the form of bank accounts, the RBI would forwardthedesignated liststothe banksrequiring themto:

a) Maintain updated designated lists in electronic form and run a check on the given parameterson a regular basis to verify whether individuals or entities listed in the schedule to the Order(referredtoasdesignatedindividuals/entities)areholdinganyfunds,financialassetsoreconomicresources orrelated servicesheld intheformofbank accountswiththem.

b) In case, the particulars of any of the customers, match with the particulars of designatedindividuals/entities, the bank shall immediately, not later than 24 hours from the time of findingout such customer, inform full particulars of the funds, financial assets or economic resourcesor related services held in the form of bank accounts, held by such customer on their books tothe Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No. 011-23092569 and also conveyovertelephoneon011-23092736.Theparticularsapartfrombeingsentbypostshouldnecessarilybyconveyedone-mail.

c) Bank shall also send by post a copy of the communication mentioned in (b) above to the UAPAnodalofficerofRBI,ChiefGeneralManager,DepartmentofBankingOperationsandDevelopment, Anti Money Laundering Division, World Trade Centre, Centre-1, 4th Floor, CuffeParade, Colaba, Mumbai -400005 and also by fax at No. 022-22185792. The particulars apartfrom being sentbypost/faxshould necessarilybe conveyedone-mail:

d) Bank shall also send a copy of the communication mentioned in (b) above to the UAPA nodalofficerofthe state/UTwheretheaccountis held as thecasemaybeandtoFIU-India.

e) Incase,thematchofanyofthecustomerswiththeparticularsofdesignatedindividuals/entitiesisbeyonddoubt,thebankwouldpreventdesignatedpersonsfromconducting financial transactions, under intimation to Joint Secretary (Is.I), Ministry of HomeAffairs, at Fax

No. 011-23092569 and also convey over telephone on 011-23092736. Theparticularsapartfrombeingsentbypostshould necessarilybeconveyed onemail:

f) BankshallalsofileaSuspiciousTransactionReport(STR)withFIU-INDcoveringalltransactions in the accounts covered by paragraph (b) above, carried through or attempted, asperthe prescribedformat.

V **Freezingoffinancialassets**

a) On receipt of the particulars as mentioned in paragraph iv (b) above, IS-I Division ofMHAwouldcauseaverificationtobeconductedbytheStatePoliceand/ortheCentral Agencies so as to ensure that the individuals/ entities identified by the Bank arethe ones listed as designated individuals/ entities and the funds, financial assets oreconomic resources or related services, reported by Bank are held by the designatedindividuals/entities. This verification would be completed within a period no exceeding 5workingdaysfromthedateofreceiptofsuchparticulars.

b) In case, the results of the verification indicate that the properties are owned by or heldfor the benefit of the designated individuals/entities, an order to freeze these assetsundersection51AoftheUAPAwouldbeissuedwithin24hoursofsuchverificationand conveyed electronically to the concerned Bank Branch under intimation to ReservebankofIndiaand FIU-IND.

c) Theordershalltakeplacewithoutpriornoticetothedesignatedindividuals/entities.

vi) ImplementationofrequestsreceivedfromforeigncountriesunderU.N.SecurityCouncil Resolution1373 of2001.

a) U.N. Security Council Resolution 1373 obligates countries to freeze without delay the fundsor other assets of persons who commit, or attempt to commit, terrorist acts of participate inor facilitate the commission of terrorist acts; of entities or controlled directly or indirectly bysuch persons; and of persons and entities acting on behalf of, or at the direction of suchpersons and entities, including funds or other assets derived or generated from properlyowned or controlled, directly or indirectly, by such persons and associated persons andentities.

b) To give effect to the requests of foreign countries under U.N. Security Council Resolution1373, the Ministry of External Affairs shall examine the requests made by the foreigncountries and forward it electronically, with their comments, to the UAPA nodal officer forIS-IDivision forfreezingoffundsorotherassets.

c) The UAPA nodal officer of IS-I Division of MHA, shall cause the request to be examined,within five working days so as to satisfy itself that on the basis of applicable legal principles,the requested designation is supported by reasonable grounds, or a reasonable basis,tosuspect or believe that the proposed designee is a terrorist, one who finances terrorism ora terrorist organization, and upon his satisfaction, request would be electronicallyforwarded to the nodal officers in RBI. The proposed designee, as mentioned abovewould betreatedasdesignated individuals/entities.

d) Upon receipt of the requests from the UAPA nodal officer of IS- I Division, the list wouldbeforwardedtobanksandtheprocedureasenumeratedatparagraphs2.13(iii),(iv)and(v) shall befollowed.

e) Thefreezingordersshalltakeplacewithoutpriornoticetothedesignatedpersonsinvolved.

vii) Procedure for unfreezing of funds, financial assets or economic resources or relatedservices of individuals/entities inadvertently frozen, they shall move an application giving therequisite evidence, in writing to the concern Bank. The Bank will inform and forward a copy ofthe application together with full details of assets frozen given by any individual or entity, if ithas evidence to prove that the freezing of funds, financial assets or economic resources orrelated services, have been frozen inadvertently, to the nodal officer of IS-1 Division of MHAas the contact details given in Paragraph (iv) (b) above within two working days. The JointSecretary (IS-1), MHA, being the nodal officer for (IS-1) Division of MHA, shall cause suchverification as may be required on the basis of the evidence furnished by the individual/entityand if he is satisfied. He shall pass on order, within fifteen working days, unfreezing the funds,financial assets or economic resources or related services, owned/held by such applicantunderintimationtotheconcernedbonk.However,ifitisnotpossibleforanyreasontopasson order unfreezing the assets within fifteen working days, the nodal officer of lS-l Divisionshallinformthe applicant.

viii) CommunicationofOrdersundersection5lAofUnlawfulActivities(Prevention)Act.

All Orders under section 5l A of Unlawful Activities (Prevention) Act, relating to funds, financialassets or economic resources or related services, would be communicated to all bonks throughRBI.

25. JurisdictionthatdonotorinsufficientlyapplytheFATFRecommendations

Risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATFStatement shall be taken into account. In addition to FATF Statements circulated by Reserve Bonk oflndiafromtimetotime,(latestasonJulyI, 2010,circularDBOD.AML.No.I6477114.0j.034/2009_10dotedMarch26,2o1OissuedbyRBI),publiclyavailableinformationforidentifyingcountries, which do not or insufficiently apply the FATF recommendations shall be considered. lt isclarifiedthatspecialattentionshallbegiventobusinessrelationshipsandtransactionswithpersons(including legal persons and other financial institutions) from or in countries that do not orinsufficientlyapplytheFATFRecommendationsandjurisdictions includedinFATFStatements.

12'2 AML cell shall examine the background and purpose of transactions with persons (including legalpersons and other financial institutions) from jurisdictions included in FATF Statements and countriesthat do not or insufficiently apply the FATF Recommendations. Further, if the transactions have noapparent economic or visible lawful purpose, the background and purpose of such transactions shall,as far as possible be examined, and written findings together with all documents should be retainedandmodeavailableto Reserve Bonk/otherrelevantauthorities,onrequest.

Activitymonitoringshouldcoverallaccountsincludingexisting accountsforwhichprofileshavenotbeenmade.

26. Glossary

RBI ReserveBonkof lndia

CAPCustomerAcceptancePolicy

CIP Customer identification

ProceduresPMLActPrevention of Money Laundering

ActCDD Customer DueDiligence

FATF FinancialActionTaskForce

CFT CombatingFinancingofTerrorism

NOC NoObjectionCertificate

PEP PoliticallyExposedPerson

POA Power of Attorney

KYCKnowYour Customer

AMLAnti-MoneyLaundering

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Annexure–I

Customeridentificationprocedure

Customers identification means identifying the customer and verifying his/her identity by usingreliable, independent source documents, data or information, given below is the indicative procedurewhich may be reviewed and implemented by the Standing Committee on KYC / AML from time totime.

1. **Customeridentification:-**theidentificationprocedureofbankforanewcustomerisdescribed below:-
   i. CompletedaccountopeningfromAND
   ii. Self-signedchequeorcashdepositedpersonallybythecustomeratthebranchtobecertifiedbyBranch HeadAND
   iii. Identity,signature&Address(ISA)documentationcheckOR
   Introduction by and existing customer of the Branch having a banking relationship of 6months or more and having satisfactory conduct of account along with address proofOR
   Introduction by an existing Bankers (signature Verification report from existing Bank willberequired)alongwith the addressproof.

2. **Identity,SignatureandAddress(ISA)documentscheck**: -
   Thefollowingdocumentslistedbeloware requiredforISA check:
   i. CompletedaccountopeningfromAND
   ii. Self-signedchequeorcashdepositedpersonallybythecustomeratthebranchtobecertifiedbyBranch HeadAND
   iii. Passport copyOR
   iv. In case Passport is not available, copy of one document each from list A and list B(address proof documents) is required. The following table gives the documents wisechecks.
3. In order to further ease the difficulties in complying with the KYC requirements, withinthe overall framework of the Prevention of Money Laundering Act, 2002 (PMLA) andRules(PMLR), it is clarified asunder:
   i. Bank will not seek fresh proofs of identity and address at the time of periodicupdating, from those customers who are categorized as 'low risk', in case of nochangeinstatuswithrespecttotheiridentitiesandaddresses.Aself-certificationbythecustomertothateffectshouldsufficeinsuchcases.Incaseof change of address of such 'low risk' customers, they could merely forward acertified copy of the document (proof of address) by mail/post, etc. Bank will notinsist on physical presence of such low risk customer at the time of periodicupdating.
      a) In case the proof of address furnished by the customer is not the localaddressoraddresswherethecustomeriscurrentlyresiding,theRRB/STCB/CCB may take a declaration of the local address on which allcorrespondence will be made by the bank with the customer. No proof isrequiredtobesubmittedforsuchaddressforcorrespondence/localaddress.Thisaddressmaybeverifiedbythebankthrough'positiveconfirmation'suchasacknowledgmentofreceiptof(i)letter,chequebooks,ATM cards; (ii) telephonic conversation; (iii) visits; etc. In the event of changeinthisaddressduetorelocationoranyotherreason,customersmayintimate the new address for correspondence to the RRB/STCB/CCB withintwoweeks ofsuch achange.

b) **As regards non-compliance of KYC requirements by thecustomers:-**If the customer fails to comply KYC requirement despiterepeated reminders by bank, bank will impose 'partial freezing' on such KYCnon-compliance in a phased manner. Meanwhile, the account holders canreviveaccountsbysubmittingtheKYCdocumentsasperinstructionsin Force. While imposing 'partial freezing', bank will ensure that the option of'partial freezing' is exercised after giving due notice of three months initiallyto the customers to comply with KYC requirement and followed by areminder for further period of three months. Thereafter, bank will impose'partial freezing' by allowing all credits and disallowing all debits with thefreedom to close the accounts. If the accounts are still KYC non-compliantafter six months of imposing initial 'partial freezing' bank may disallow alldebits and credits from/to the accounts, rendering them inoperative. Further,it would always be open to the bank to close the accounts of suchcustomers.[16]

AnnexureII

RISKCATEGORISATIONOFCUSTOMERS

Types of customers and their risk categorizationHighRisk Customers

1. Individuals and entities in various United Nations Security council Resolutions (UNSCRs) suchasUN1267 etc.
2. Individuals or entities listed in the schedule to the order under section 51 A of the Unlawfulactivities.
3. IndividualsorentitiesinwatchlistissuedbytheInterpolandothersimilarinternationalorganization.
4. Customers with dubious reputation as per public information available or commercial availablewatch list.
5. Individuals or entities specifically identify by regulators, FIU and other competent authority adhighrisk.
6. Customersconductingtheirbusinessrelationshiportransactioninunusualcircumstances,suchassignificantandunexplainedgeographicdistancebetweentheinstitutionandthelocationofthecustomer,frequentandunexplainedmovementofaccountstodifferentinstitutions invariousgeographiclocationsetc.
7. Customersbasedinhighriskcountries/jurisdictionsorlocations.
8. Politicallyexposedpersons(PEPs)offoreignorigin,customerswhoarecloserelativesofPEPs and accountsofwhich aPEPisthe ultimatebeneficialowner.
9. Non-residentcustomersandforeignnationals.
10. Embassies/Consulates.
11. Off share(foreign)corporation/business.
12. Nonface-to-facecustomers.
13. Highnet worthindividuals.
14. PartnershipFirms.
15. Firmswith‘sleepingpartner’.
16. Walk-in-Customers.
17. Companieshaving closefamilyshareholding orbeneficialownership.
18. Complexbusinessownershipstructures,whichcanmakeiteasiertoconcealunderlyingbeneficiaries, wherethere isno legitimatecommercialrationale.
19. Shellcompanieswhichnophysicalpresenceinthecountryinwhichitisincorporated.Theexistencesimplyofalocal agentor lowlevelstaffdoesnotconstitutephysicalpresence.
20. InvestmentManagement/MoneyManagementCompany/PersonalInvestmentCompany.
21. Account for “gatekeeper” such as accountants, lawyers or other professionals for their clientswheretheidentityoftheunderlyingclientis notdisclosed tothefinancialinstitution.
22. Client Account managed by professional service providers such as law firms, accountants,agents,brokers,fundmanagers,trustees,custodians etc.
23. Trusts, charities, NGOs/NPOs (those operating on a “cross border” basis) unregulated clubsandorganizationreceivingdonations(excludingNPOs/NGOspromotedbyUnitedNationsorits agencies).
24. Money service business: including seller of: Orders/traveler checks/Money transmission/checkCashing/dealingorExchange.
25. Business accepting third party cheque (except supermarkets or retail stores that accept payrollcheque/cashpayroll cheque)
26. Gambling/gamingincluding“JunketOperators”arranginggamblingtours.

27. Dealersinhighvalueorpreciousgoods(e.g.jewel,gemandpreciousmetalsdealers,artandantiquedealersand auctionhouses,estate agents andreal estatebrokers)
28. Customersengagedinabusinesswhichassociatedwithhigherlevelsofcorruption(e.g.armsmanufacturers,dealersand intermediaries)
29. Customersengagedinindustriesthatmightrelatetonuclearproliferationactivitiesorexplosives.
30. CustomersthatmayappeartobeMulti-level marketingcompaniesetc.

MediumRiskCustomers

1. Non-BankFinancialInstitution.
2. Stock Brokerage
3. Import/Export
4. GasStation
5. Car/Boat/PlaneDealership
6. Electronics(wholesale)
7. Travelagency
8. Used carsales
9. Telemarketers
10. Providersoftelecommunicationsservice,internetcafe,IDDcallservice,phonecard,phonecenter.
11. Dot-com companyorinternetbusiness
12. Pawnshops
13. Auctioneers
14. Cash-intensiveBusinesssuchasrestaurantsretailsshops,parkinggarages,fastfoodstores,movietheatres etc.
15. Solepractitionersor lawfirms(small,Littleknown)
16. Notaries(small,Littleknown)
17. Secretarial(small,Littleknown)
18. Accountants(smallor lessknown)
19. Venturecapitalcompanies

LowRiskCustomers

1. Individuals(otherthanincludedinhighandmediumriskcategoriesabove)
2. GovernmentdepartmentsandGovernmentownedCompanies,regulatoryandstatutorybodies.
3. NonprofitOrganizations/Non-GovernmentOrganizationspromotedbyUnitedNationsoritsagencies.

All other categories of accounts/customer not falling under the above indicated HighandMediumRiskclassifications.

A. Risk ratingbased onthe Deposits/accountbalance:

Account Types	**High**	**Medium**	**Low**
OnlySB*	Rs.2,00,000/-& above	Rs.1,00,000/-& above but less thanRs.2,00,000/-	LessthanRs.1, 00,000/-
OnlyCurrent*	Rs.5,00,000/-& above	Rs.2,00,000/-& above but less thanRs.5,00,000/-	LessthanRs.2, 00,000/-
OnlyTerm Deposits	Rs.10,00,000/-& above	Rs.5,00,000/-& above but less thanRs.10,00,000/-	LessthanRs.5, 00,000/-

*****Applicableincaseofaccountshavingcompleted6months.

ForCurrent/SBaccountsaveragebalanceforlast6monthsandforTermDepositsprincipalamountshallb

etakenforconsiderationonthe date ofreview.

If a customer is having more than one of the above categories of accounts, highest riskassignedfortheaboveparametershallbe theoverallriskfor thisparameter.

Example: A customer having a savings account with average balance of Rs.1, 50,000/-(medium) and Term Deposit of Rs.4, 00,000/-(low) shall have rating of Medium Risk for thisparameter.

Above categorization of the Customer shall be based on all accounts linked to Customer IDirrespective of constitution of account like Joint account, Partnership account etc. HoweveraccountslinkedtoCustomerIDwherecustomersdonothaveanystakeinBusiness/activity neednotbe clubbedfor the abovepurpose.

Annexure–III

Customeridentificationprocedure

Customers identification means identifying the customer and verifying his/her identity by usingreliable, independent source documents, data or information, given below is the indicative procedurewhich may be reviewed and implemented by the Standing Committee on KYC / AML from time totime.

1. **Customeridentification:-**theidentificationprocedureofbankforanewcustomerisdescribed below:-
   - i) CompletedaccountopeningfromAND
   - ii) Self-signedchequeorcashdepositedpersonallybythecustomeratthebranchtobecertified byBranchHead AND
   - iii) Identity,signature&Address(ISA)documentationcheckOR
   - iv) IntroductionbyandexistingcustomeroftheBranchhavingabankingrelationship of 6 months or more and having satisfactory conduct of accountalongwith addressproofOR
   - v) Introduction by an existing Bankers (signature Verification report from existingBank will be required)alongwiththe addressproof.

1.1 Identity,Signatureand Address(ISA)documentscheck:-

Thefollowingdocumentslisted belowarerequiredforISAcheck:

- i) CompletedaccountopeningfromAND
- ii) Self-signed cheque or cash deposited personally by the customer at the branchto be certified by Branch Head AND any of the officially valid documents whichcanspecifytheaddressand Identityproof.

LISTOFOFFICIALLYVALID DOCUMENTS

Anyonedocumentfrom theOfficiallyValidDocumentisonlyallowed.Theyare:

1. thepassport,
2. thedrivinglicense,
3. thePermanentAccountNumber(PAN)Card,
4. theVoter'sIdentityCardissuedbyElectionCommissionofIndia,
5. job cardissuedbyNREGA dulysignedbyanofficeroftheState Government,
6. TheletterissuedbytheUniqueIdentificationAuthorityofIndiacontainingdetailsofname,addressand Aadhaar number.

Itisimpliedthatproofofaddressalsofollowsfromtheabovedocumentsonly.

A proviso has been added to the definition of 'officially valid document' at PML Rule 2(d),whichstatesthatwhere'simplifiedmeasures'areappliedforverifyingtheidentityofcustomersthefollowingdocumentsshallbedeemed tobe'officiallyvaliddocuments:

i. identitycardwithapplicant'sPhotographissuedbyCentral/StateGovernmentDepartments,Statutory/RegulatoryAuthorities,PublicSectorUndertakings,ScheduledCommercial Banks,and PublicFinancial Institutions;

ii. letterissuedbya gazettedofficer,withadulyattestedphotographoftheperson;

In terms of Rule 14(i), it has been decided by the Reserve Bank that 'simplified measures'maybeapplied inthecase of

'Low risk' customers taking into consideration the type of customer, business relationship,natureandvalueoftransactionsbasedontheoverallmoneylaunderingandterroristfinancingrisk sinvolved.Inrespectoflowriskcategoryofcustomers,wheresimplifiedmeasures are applied, it would be sufficient to obtain any of the documents at (i) and (ii) ofprovisotorule2(d)forthepurpose of proofofidentityand proof ofaddress.[17]

Customeridentificationdocuments(indicative)–

The following table provides the different types of accounts and documents to be obtained fromcustomers along with the Account Opening form duly filled in and signed along with recent colorphotograph(s)ofthecustomer(s)and initialdeposit.

S.No.	Features	S.No.	Documents
1	Accounts of individuals/HUF-LegalNameorany othernameused.	1	Anyoneof:-
		i)	Passport(valid)
		ii)	PANCard
		iii)	Votersidentity card
		iv)	DrivingLicense(valid)
		v)	Indian PostID
		vi)	GovernmentIdentitycard(subjecttothebankssatisfaction)
		vii)	Letter from a recognized public authority orpublicservantverifyingtheidentityandresidenceofthecustomertothe Satisfactionofthebank.
		viii)	EmployeeIDcard(incaseofcorporate salary accounts only) with one moreidentityproof
		ix)	PhotoDebit/Creditcard(valid)
		x)	Otherbankssignatureverification
		xi)	HUFdeclarationsignedbyKartaandMajorcoparcenersincludingdetailsofminor Coparcenersalong withdateof birth.
		xii)	MarriageCertificate/NikahnamaforWomen (along withidentity documents inMaidennameandvalidaddressproofof thespouse)
		xiii)	DefenseDependentscard
		xiv)	DefenseEx-ServiceManCardissuedtodefenseemployees.
		xv)	Citizenship Card issued in North EasternStates for ISA, if these details are availableinthe card. OR Introduction by existing customer who is anaccountholderwithbankformorethan6 Monthswithsatisfactoryconductofaccount.

2	Correct Permanent Address	i)	Telephonebillin thenameofthecustomer
		ii)	Bank accountstatementor passbook
		iii)	Letterfromanyrecognizedpublicauthority
		iv)	ElectricityBill
		v)	RationCard
		vi)	MunicipalCorporationBill
		vii)	Letterfrom employer only public and private limited companies (subject tosatisfactionofthe bank)
		viii)	Existing house registered lease agreementon stamp paper (in case of rented/leasedaccommodationorshifting/transferofresidence only) (in case of corporate salaryaccountsnotarizedleaseagreementisallowed) (Anyonedocumentwhichprovidescustomer information to the satisfactory ofthebankwill suffice). ListofdocumentsthatcanbetakenasISA (identity, Signature and Address) proof arementionedinlistA &listB.

Additionaldocumentstobetakenforthefollowingindividualaccounts aregivenbelow:-

S.No.	Features	S.No.	Documentsto betaken
3	Minor accounts		Copyof anyoneofthefollowing:-
		i)	Birth certificate issued by Municipalauthorities
		ii)	Passport
		iii)	PAN card
		iv)	10th or 12thMarksheet
		v)	Bonafide school leaving certificateconfirmingtheageofMinor
		vi)	Report card signed by ClassTeacher/Principal/Vice-Principal showing dateofbirth
		vii)	SchoolIDcardwithphotoanddateofbirth mentioned duly signed by schoolauthorities(Principal/Vice-Principal)
		viii)	Letter from Collage/School/Universityattestingtheidentityandsignature(letter shouldhavethephotographofstudentswithhissignature)
		ix)	Letter from Collage/School/Universityconfirmingtheaddress as pertheirrecord
4	Non-Resident Indian(NRI)Customers		Copyof:
		i)	Valid Passport & valid Resident/EmploymentVisaforNRI/NROAccounts

			In caseaccount opened inperson:
		1	ValidPassportwithoverseasaddressorwork permit (i.e. Green card as residencepermitforUSA,H1Visaasworkpermit for USA or Hong Kong ID card for residence ofHongKong)
		2	IftheVisaisnotstampedinthepassport

			(asisthecasewithsomeoftheEuropean Countries)copyoftheresidentpermitissuedby theirimmigrationauthorities.
		3	SeparateproofofNon-residentstatusifthepassportholds IndianAddressandresident Visapermitisnot includedinpassport.
		4	PIO(personofIndianOrigin)cardissuedbythe GovernmentofIndiaincaseof Foreignpassport.IfPIOcardisnotavailable,self-declarationbythecustomer.
		5	In case the Indian Nationality/Origin cannotbeascertainedbasedonthedocument ssubmitted, a self-declaration giving detailsoftheIndianOriginconfirmingthecityand StateofbirthinIndia.
		6	Photographof IndividualaccountHolder.
			ForpersonsEmployedwithForeignShipping Companies
		A	Initialwork contract
		B	Last wageslip
		C	CDC(ContinuousDischargeCertificate)
		D	EmploymentContract/Letterontheletterhead oftheagentwherein,theoverseas addressoftheshippingco./Airlines\isprominentlydisplayed.
			ForContractEmployees
		1	Lastwork contract
		2	Letterfromlocalagent confirming next date ofjoiningtheforeignvessel(notmorethansixmonthsofdateoflastreturntoIndia)
		3	Principal'soverseasaddressorcurrentworkcontract.
			In caseofdocuments sentbyMail:
		1	Alldocuments/signaturestobeattestedbyany one ofthefollowing: IndianEmbassy
		2	OverseasNotary
		3	LocalBanker oftheNRI
5	SeniorCitizens		**Copyto:**
		i)	Passport
		ii)	DrivingLicense
		iii)	RationCard
		iv)	PensionCard
		v)	GovernmentIDCard
		vi)	SchoolLeaving certificate
		vii)	LifeInsurancePolicy
		viii)	BirthCertificate

S.No.	Features	S.No.	Documentstobetaken
6	Account of Companies[18]		a) Certificateofincorporation; b) MemorandumandArticlesofAssociation; c) AresolutionfromtheBoardofDirectors and power of attorney grantedto its managers, officers or employeesto transacton itsbehalf;and d) Anofficiallyvaliddocumentinrespectofmanagers,officersoremployeesholdinganattorneytotransactonitsbehalf.
	- Name of thecompany	ii)	CertifiedtruecopyofMemorandumofAssociation and
	- Principalplaceofbusiness	iii)	Certified true copy of Articles ofAssociation and
	-Mailingaddressofthe company	iv)	CertifiedtruecopyofResolutionoftheBoard of Directors to open an account andidentification of those who have authority tooperatetheaccount.Resolutiontobecertified bythecompanySecretaryand onedirectorwhohasattendedthesaidmeetingand
	- Telephone/Fax Number	v)	PowerofAttorneygrantedtoitsmanagers,officerorемployeestotransactbusiness onits behalfand
		vi)	CopyofPAN card
		vii)	CopyofTelephonebillconfirmingtheaddressofthecompany
		viii)	Certifiedtruecopyofcommencementofbusiness.
		ix)	In case of change in directors – from 32issued by Registrars of Companies (ROC)showing the new directors along with thereceiptofconfirmationofsubmissiontoROC (mandatory). Or latest annual returnswherethedirectorsnamesarelistedand filedwithROC.
		x)	Incase ofchangeintheregistered addressofthecompany–from18issuedbyROC alongwithreceiptofsubmissiontoROC(mandatory).
		Xi)	Passport size photographs ofdirectors/authorizedsignatories and
		xii)	Complete address of thedirectors/authorizedsignatories
		xiii)	Documentsforidentityandsignaturecheckoftheauthorizedsignatories/directors(any onefromlistA&listB)
		xiv)	NOCfromthelendingbankerifcustomerenjoyscreditfacilities.
		xv)	Existing bank statement from currentbanker

		xvi)	Introductionbyexistingcurrentaccountholderwhoisholdinganaccountwithbank for more than 6 months &withsatisfactoryconductofaccount.

S.No.	Features	S.No.	Documentstobetaken
7	Accounts of partnershipfirms - Legalname - Address -Names of all partnersandtheiraddresses - Telephonenumbersofthefirmandpartners[19]	i)	a) Registrationcertificate; b) Partnershipdeed;and c) Anofficiallyvaliddocumentinrespectofthepersonholdinganattorneyto transactonitsbehalf.
		vi)	Telephonebillinthenameoffirm/partners.
		vii)	PAN card
		viii)	NOC from the lending banker if customerenjoys creditfacilities. IntroductionbyExistingcurrentaccountholder who is holding an account with bankformorethan6monthsandwithsatisfactoryofaccount. HUFs can be partners in current or fixeddeposits,howevernooverdrafttobeallowed.

S.No.	Features	S.No.	Documentstobetaken
8	Accountsoftrusts&foundations - Namesoftrustees,settlers, beneficiaries,signatories - Names andaddresses of thefounder, themanagers/directorsandbeneficiaries - telephone/fax number[20]		a) Registrationcertificate; b) Trustdeed;and c) Anofficiallyvaliddocumentinrespectofthepersonholdinga powerof attorneytotransactonitsbehalf. e) NOCfromtheLendingBankerifcustomerenjoys Creditfacilities. f) ISAcheckofTrusteesisnotnecessary.ISAcheckisrequiredforallauthorizedsignatories.

9	Accounts of Societies,Clubs &Associations - Names of AuthorisedSignatories - Namesandaddr essesofthefounder,the		a) Resolution of the managing body of suchassociationorbodyofindividuals; b) Power of attorney granted to him to transactonitsbehalf; c) An officially valid document in respect of theperson holding an attorney to transact on itsbehalf;and

	managers/ directors andthebeneficiaries - Telephone / Faxnumbers[21]		d) Such information as may be required by the bank tocollectivelyestablishthelegalexistenceofsuchanassociationor bodyof individuals.
10	PowerofAttorney(POA)Holder/MandateHolder	(i) (ii) (iii) (iv)	MandatelettersignedbytheallcustomersalongwiththesignatureofMandate holder. ForPOA,dulycertifiedPOAagreementalongwiththesignaturesofbothcustomer &POAholder. Identity document of the Mandate / POA HolderPhotographofMandate/ POAholder.
11.	SoleProprietorshipAccounts. - Proof of the name ofaddress and activity ofthe concern.	(i) (ii) (iii) (iv) (v) (vi) (vii) (i) (ii) (iii) (iv) (v) (vi) (vii) (viii) (ix) (x) (xi) (xii)	Proprietor's complete Identification, Signature andMailingAddressproofdocumentsalongwithTelephoneNumberconfirmation. ExistingcurrentaccountBankstatementinthesame name of the firm) confirming existence of theFirm, Telephonebillconfirmingaddress NOC from the Lending Banker if customer enjoysCreditfacilities. PAN card with mailing address proof if the initialdepositisincash. IntroductionbyExistingCurrentAccountholderwho is holding an account with Bank for more than6moths andwithsatisfactoryconduct. <u>Any Two proofs from the below for identity.</u>Registrationcertificate/licenseissuedbyMunicipalauthorities suchas Shop & Establishmentcertificate/Trade License. CST/VAT/ServiceTaxCertificateorletterofregistrationofCST /VAT/ Servicetax. Certificate/Registration document issued byServiceTax/ProfessionalTaxauthorities. Registrationcertificate(inthecaseofaregisteredconcern) IEC (Importer Exporter Code) issued by DGFTCertificate/RegistrationdocumentsissuedbySalesTax/ServiceTax/ProfessionalTaxauthorities. LicenseissuedbytheregisteringauthoritylikecertificateofpracticeissuedbyInstituteofCharteredAccountantofIndia,InstituteofCostSecretaries of India, India Medical Council, FoodandDrugControlAuthorities,etc. LicenseissuedbyExplosivesRules. CertificateofregistrationunderanyspecificStatute / Actofthegovernment. IRDA(InsuranceRegulatoryandDevelopmentAuthority)licensein thename ofthe entity withaddressmentioned. Valid Business License or certificate of registrationissuedbyState/Centralgovernmentauthority(Validity would include the grace period for renewalasmentionedinthecertificate). Permissionissuedbyrespectivegovernmentauthority for units in SEZ (Special Economic Zone),STP(SoftwareTechnologyPark,EOU(Export

			OrientedUnit),EHTP(ElectronicHardwareTechnology Park), DTA (Domestic Tariff Area) andEPZ (Export Processing Zone) in the name of theentitymentioning theaddressallotted.
		(xiii)	RegistrationcertificateofrecognizedProvidentFundwith Pfcommissioner.
		(xiv)	FactoryRegistrationcertificateissuedbyanystate / Central government authority.RBI/SEBIRegistrationCertificate.
		(xv)	
		(xvi)	
		(xvii)	License to sell stock or exhibit for Sale or distributeInsecticides,under the Insecticides Rules,issuedby respective state / union government department.PermissionissuedbyvillageAdministrativeOfficer /PanchayatHead/Mukhiya/VillageDevelopmental officer / Block development office orEqual Rank officer for customers in rural / villageareas and President / CEO if document issued byNagarParishad/ZillaParishad.
		(xviii)	
		(xix)	Letter/Certificate/NOCissuedbyvillageAdministrative Officer / Panchayat Head / Mukhiya /Village Developmental Officer / Block DevelopmentOfficer or Equal Rank officer for customers in rural /villageareasandPresident/CEOifdocumentissued by Nagar Parishad / ZillaParishad statingthedetailsofexistenceofthefirmmaybeaccepted. In such cases, (wherever permission isnotavailable),CPVbyabankstaffshallbemandatory.
		(xx)	
		(xxi)	Registration Certificate issued by District IndustriesCentreforfirmregisteredasSSI/Micro/MediumUnit.
		(xxii)	License issued under Contract Labour (Regular &Abolition) Act1970.
		(xxiii)	Licenseissuedbypolicedepartmentundertheprovisions ofState PoliceActs.
		(xxiv)	LatestIncomeTaxReturnfiledinnameofproprietor,providedthenameoffirmshallreflectontheITR4Formfiled. Thenamegenerallyappears onPage-2,
		(xxv)	Acknowledgment of ITR 4 return may be acceptedprovided the name of the firm is mentioned on theacknowledgment.
		(xxvi)	LatestSalesTaxReturnsfiledinnameoffirm(CST/VAT/ServiceTax/ProfessionTax)dulyacknowledge.
		(xxvii)	TANAllotmentletterinnameoffirmonly.Thesame shall not be acceptable if issued in the nameoftheproprietor.PrintoutofonlineTANregistrationdetails shallalsobeaccepted.
		(xxviii)	LatestavailableIncomeTaxWealthTaxAssessment order along with print out from PANwebsiteconfirmingthePANnumber&nameofentity.
			Latest property tax / Water tax bill / Utility bill orreceiptinthenameofthefirmissuedbylocalgovernment authorities or the service provider. Incase of telephone bill the bill needs to be for alandlineconnection.
			CertificateissuedbytheCharteredAccountant

		(xxix) (xxx)	Confirming existence of the firm. The name of theChartered Accountant would need to be validatedfromtheCharteredAccountantsdirectory.Thiswouldneedtobeaccompaniedbyasitevisitconducted byapermanent bankstaff. Registration Certificate / License issued by RubberBoard / Spices Board / Tea Board / Coffee Board /Coir Board / Tobacco Board / National Jute Board /PollutionControlBoard. License issued by Agriculture Produce MarketingCommittees(APMC) /GraminMandis/KVIC. (Anytwooftheabovedocumentswouldsuffice. Thesedocumentsshouldbeinthenameofproprietaryconcern.)

Feature	Documentstobetaken
12. Government Accounts	A.) Accounts of Executive Engineers / SDO (Assistant Engineer) / BDPO(Block Development & Panchayat Officers / DDPO (Distt. Development &Panchayat Officer): 1. Generalcircularfromtheconcerneddept.Withintherespectivestate/provincestatingthattheaboveoffice/officialisauthorizedtofunctionasDDO(drawing & disbursalofficer),And. 2. Letter of Intent signed by Executive Engineer / SEO / BDPO / DDPO toopen an account with Bank or the immediate officer (reporting authority)would issue a letter confirming that an official is authorized to open andoperatetheaccount,And 3. Letter of Intent signed by Executive Engineer / SDO / BDPO / DDPO toopenan accountwith bank. B.AccountsofSDM/DeputyCommissioner:-<u>Account inthenameofSDMor DeputyCommissioner:</u> AccountnecessarilytobeinthenameofSDMorDeputyCommissionerofthesubdivision orcityasthecasemaybe. 1. Letter ofIntentsignedbySDM/DCtoopenanaccountwithBank,And 2. Governmentorder/circularconfirmingthenameanddesignationofSDM/DC. <u>C)Account inthenameofEstateOfficer:</u> IfSDMandDCholdchargeoftheEstateOfficer,then 1. Letter ofIntentsignedbySDM/DCtoopenanaccountwithBank,And 2. Letter confirming that the Deputy ?Commissioner works as the EstateOfficer,And 3. A copy of a circular / order confirming the same that Mr. XYZ transferredas DC cum Estate Officer ofthe city / or SDM cum Estate Officerof thecity" Additionally(notmandatory) 1. ISAofauthorizedsignatories. 2. Self-signedCheque. All accounts need to be signed by Branch Head confirming that they havemettheconcerned officials.

AnnexureIV

CustomerBehaviorIndicators

_ Customers who are reluctant in providing normal information while opening an account, providingminimal or fictitious information or when applying to open an account, providing information that isdifficultorexpensive forthe institutiontoverify.

_Customerexpressingunusualcuriosityaboutasecrecyofinformationinvolvedinthetransaction.

_Customerswhodeclinetoprovideinformationthatinnormalcircumstanceswouldmakethecustomereligiblef orbanking services.

_Customergiving confusing detailsaboutatransaction.

_Customerreluctantorrefusestostateapurposeofaparticularlarge/complextransaction/sourceoffunds involved or providesaquestionable purposeand/orsource.

_Customerswhouseseparatetellerstoconductcash transactionorforeignexchangetransactions.

_ Customers who deposit cash / withdrawals by means of numerous deposit slips / cheques leaves sothatthetotalofeachdeposits is unremarkable,butthetotalofallcredits/debits is significant.

_Customer'srepresentativesavoidingcontact withthebranch.

_Customerswhorepaytheproblemloansunexpectedly.

_Customerswhoappeartohaveaccountswithseveralinstitutionswithinthesamelocalitywithoutanyapparent logicalreason.

_ Customers seeks to change or cancel a transaction after the customer is informed of currencytransactionreporting/informationverificationorrecordkeepingrequirementsrelevanttothetransacti on.

_Customerregularlyissues largevaluechequeswithout balanceandthendepositscash.

The above list is illustrative and not exhaustive. The Principal Officer of the Branch/Office ofTheHisarCentralCo-operativeBankLtd.Hisarwheresuspiciousactivity/transactionisreportedshould verify their port depending upon the circumstances of the activity/transaction reportedandsatisfyhimselfwhethertheactivity/transactionistobereportedasasuspiciousactivity/transacti on or is to be treated as a bonafide one. Care should be taken that the customerswith bonafidetransactionsarenotinconvenienced.

AnnexureV

AnIndicativeListofSuspicious Activities

TransactionsInvolvingLargeAmountsofCash

(i) Exchanginganunusuallylargeamountofsmalldenominationnotesforthoseofhigherdenomination;
(ii) Purchasing or selling of foreign currencies in substantial amounts by cash settlement despite thecustomerhavinganaccountwith thebank;
(iii) Frequentwithdrawal oflargeamountsbymeansof cheques,includingtraveller'scheques;
(iv) Frequent withdrawal of large cash amounts that do not appear to be justified by the customer'sbusiness activity;
(v) Large cash withdrawals from a previously dormant/inactive account, or from an account which hasjustreceived an unexpected largecreditfrom abroad;
(vi) Company transactions, both deposits and withdrawals, that are denominated by unusually largeamounts of cash, rather than by way ofdebits and credits normally associated with the normalcommercialoperations ofthecompany,e.g.cheques, letters ofcredit,bills ofexchangeetc.;
(vii) Depositing cash by means of numerous credit slips by a customer such that the amount of eachdepositisnotsubstantial,butthetotalofwhich is substantial.

Transactionsthat donot makeEconomicSense

(i) A customer having a large number of accounts with the same bank, with frequent transfers betweendifferentaccounts;
(ii) Transactionsinwhichassetsarewithdrawnimmediatelyafterbeingdeposited,unlessthecustomer's businessactivities furnishaplausiblereasonforimmediate withdrawal.

ActivitiesnotconsistentwiththeCustomer'sBusiness

(i) Corporateaccountswheredepositsorwithdrawalsareprimarilyincashratherthancheques.
(ii) Corporate accounts where deposits & withdrawals by cheque/telegraphic transfers/foreign inwardremittances/any other means are received from/ made to sources apparently unconnected with thecorporatebusinessactivity/dealings.
(iii) UnusualapplicationsforDD/TT/PO against cash.
(iv) Accounts with large volume of credits through DD/TT/PO whereas the nature of business does notjustifysuch credits.
(v) Retaildepositof manychequesbutrarewithdrawalsfordailyoperations.

AttemptstoavoidReporting/Record-keepingRequirements

(i) A customer who is reluctant to provide information needed for a mandatory report, to have thereportfiled ortoproceedwith a transactionafterbeinginformedthatthereport mustbefiled.
(ii) Any individual or group that coerces/induces or attempts to coerce/induce a bank employee not tofileanyreportsoranyotherforms.
(iii) An account where there are several cash deposits/withdrawals below a specified threshold level toa avoid filing of reports that may be necessary in case of transactions above the threshold level, as thecustomer intentionally splits the transaction into smaller amounts for the purpose of avoiding thethresholdlimit.

UnusualActivities

(i) Anaccountofacustomerwhodoesnotreside/haveofficenearthebrancheventhoughtherearebankbranch esnearhisresidence/office.
(ii) Acustomerwhooftenvisitsthesafedepositareaimmediatelybeforemakingcashdeposits,especiallydepo sitsjustunderthethresholdlevel.
(iii) Fundscomingfromthelist of countries/centres, whichareknownformoneylaundering.

Customerwhoprovides Insufficient orSuspiciousInformation

(i) Acustomer/companywhoisreluctanttoprovidecompleteinformationregardingthepurposeofthebusiness ,priorbankingrelationships,officersordirectors,oritslocations.
(ii) Acustomer/companywhoisreluctanttorevealdetailsaboutitsactivitiesortoprovidefinancialstatements.
(iii) Acustomerwhohasnorecordofpastorpresentemploymentbutmakesfrequentlargetransactions.

CertainSuspiciousFundsTransferActivities

(i) Sendingorreceivingfrequent orlargevolumesof remittancesto/fromcountriesoutsideIndia.
(ii) ReceivinglargeTT/DDremittancesfromvariouscentresandremittingtheconsolidatedamounttoadifferen taccount/centre onthesamedayleavingminimumbalancein the account.
(iii) Maintainingmultipleaccounts,transferringmoneyamongtheaccountsandusingoneaccountasamaster accountforwire/fundstransfer.

CertainBankEmployees arousingSuspicion

(i) Anemployee whoselavish lifestyle cannotbesupportedbyhisorhersalary.
(ii) Negligenceofemployees/willfulblindnessisreportedrepeatedly.Someexamplesofsuspiciousactivities/ transactionstobe monitored bythe operating staff-
_LargeCashTransactions

_Multipleaccounts underthesamename

_frequentlyconvertinglargeamountsof currencyfromsmalltolargedenominationnotes

_PlacingfundsintermDeposits andusingthemassecurityformoreloans

_largedepositsimmediatelyfollowedbywiretransfers

_Suddensurgeinactivitylevel

_Samefundsbeingmovedrepeatedlyamongseveralaccounts

_Multipledepositsofmoneyorders,Banker'scheques, draftsof thirdparties

_ Multiple deposits of Banker's cheques, demand drafts, cross/ bearer cheques of third parties into theaccountfollowed byimmediatecashwithdrawals

_Transactions inconsistent withthepurposeoftheaccount

_ Maintaining a low or overdrawn balance with high activity Check list for preventing money-launderingactivities:

_ A customer maintains multiple accounts, transfer money among the accounts and uses one accountas a master account from which wire/ funds transfer originates or into which wire/funds transfer arereceived(a
Customer deposits funds in several accounts, usually in amounts below a specified threshold and thefundsarethenconsolidatedintoonemasteraccountandwiredoutsidethe country).

_ A customer regularly depositing or withdrawing large amounts by a wire transfer to, from, or throughcountriesthatareknownsources ofnarcoticsorwhereBanksecrecylawsfacilitatelaunderingmoney.

_ A customer sends and receives wire transfers (from financial haven countries) particularly if there isno apparent business reason for such transfers and is not consistent with the customer's business orhistory.

_ A customer receiving many small incoming wire transfer of funds or deposits of cheques and moneyorders,then orderslargeoutgoingwiretransferstoanothercityor country.

_ A customer experiences increased wire activity when previously there has been no regular wireactivity.

_Loanproceedsunexpectedlyare wiredormailedtoanoffshoreBankorthirdparty.

_Abusinesscustomerusesorevidencesorsuddenincreaseinwiretransfertosendandreceivelarge amounts of money, internationally and/or domestically and such transfers are not consistent withthecustomer'shistory.

_ Depositsofcurrency ormonetary instruments intothe accountofa domestic trade orbusiness,which in turn are quickly wire transferred abroad or moved among other accounts for no particularbusiness purpose.

_Sendingorreceivingfrequent orlargevolumesofwiretransferstoandfromoffshoreinstitutions.

_ instructing the Bank to transfer funds abroad and to expect an equal incoming wire transfer fromothersources.

_ Wiring cash or proceeds of a cash deposit to another country without changing the form of thecurrency

_ Receiving wire transfers and immediately purchasing monetary instruments prepared for payment toathirdparty.

_Periodicwiretransfersfromaperson'saccount/stoBankhavencountries.

_ A customer pays for a large (international or domestic) wire transfers using multiple monetaryinstrumentsdrawn on several financialinstitutions.

_Acustomeroranon-customerreceivesincomingormakesoutgoingwiretransfersinvolvingcurrencyamountsjustbelowaspecifiedthreshold,orthatinvolvenumerousBankortravellerscheques

_ A customer or a non-customer receives incoming wire transfers from the Bank to 'Pay upon properidentification' or to convert the funds to bankers' cheques and mail them to the customer or non-customer,when

_Theamountis verylarge(sayover Rs.10lakhs)

_Theamountisjustunderaspecifiedthreshold(tobedecidedbytheBankbasedonlocalregulations,ifany)

_Thefundscomefrom aforeigncountryor

_Suchtransactionsoccurrepeatedly.

Acustomeroranon-customerarrangeslargewiretransfersoutofthecountrywhicharepaidforbymultipleBankers'cheques(justunder aspecifiedthreshold)
ANon-customersendsnumerouswiretransfersusingcurrencyamountsjustbelowaspecifiedthresholdlimit.

The above list is illustrative and not exhaustive. The Principal Officer of the Branch/Office ofTheHisarCentralCo-operativeBankLtd.Hisarwheresuspiciousactivity/transactionisreportedshould verify the report depending upon the circumstances of the activity/transaction reportedandsatisfyhimselfwhethertheactivity/transactionistobereportedasasuspiciousactivity/transaction or is to be treated as a bonafide one. Care should be taken that the customerswith bonafidetransactionsarenotinconvenienced.

AnnexureVI

DUTIES/RESPONSIBILITIESANDACCOUNTABILITY

TheimportanceofKYCguidelinestotheemployees

TheBankemployeeswillconductthemselvesinaccordancewiththehighestethicalstandardsandinaccordancewiththeextantregulatoryrequirementsandlaws.Staffandmanagement shall not provide advice or other assistance to individuals who are indulging in moneylaundering activities. The chain of duties and responsibilities at branches/controlling offices andaccountability are as under and non-compliance of the duties and responsibilities arising out of KYCguidelines will lead to fixation of accountability. Dereliction of duty and avoidance of knowledge willleadtoexamination ofstaffaccountability.

Personnel	***Duties/Responsibilities***
Officer inChargeof accounts/	Tointerviewthepotentialcustomer
Officer vestedwiththe	To verify the introductory authority toopen new accounts customer profilereference/ To arrive at threshold limits for each account (new aswellasexisting)andtoexercisedueddiligenceinidentifying suspicioustransactions. To ensure against opening of accounts in the names ofterrorist/bannedorganizations ToadheretotheprovisionsofForeignContributionRegulatoryAct1976. To comply with the guidelines issued by the bank fromtimetotimeinrespectofopeningandconductofaccount.
BranchManager	Toscrutinizeandsatisfyhimself/herselftheinformationfurnishedintheaccountopeningform/customerprofile/thresholdlimitareinstrictcompliancewithKYCguidelinesbeforeauthorizingopeningofaccount. TocertifyintheStatement/Registerregardingcompliance with KYC guidelines and report suspicioustransactionstoappropriate authority.
ConcurrentAuditor	Toverifyandrecordhiscommentson theeffectivenessof measures taken by branches/level of implementationofKYC guidelines
ControllingAuthority	Promptreportingofinformationregardingsuspicious transactions to the law enforcing authorityconcernedinconsultationwithPrincipalOfficerat Head Office.

Annexure –VII

Nameof FinancialInstitution:

QUESTIONNAIREON
KNOW-YOURCUSTOMER/ANTIMONEYLAUNDERING/COMBATINGFINANCINGOFTERRORISM

Informationsubmittedto:

I	**GeneralInformation**	
a.	Nameof yourorganization:	
b.	BankLicenses No.&Date :	
c.	Licenseissuingauthority:	
d.	Address:	
e.	Registeredofficeat:	
f.	HeadOfficeat:	
g.	PrincipalOperatingoffice at:	
h.	E-mail:	
i.	Website:	
J.	NameofAntiMoneyLaunderingOfficer/PrincipalOfficerwithTelephone No,Fax, E-Mail.	
k.	Nameof theSupervisoryOrganization inyourCountry	
l.	IfF1 ispubliclytraded,nameofExchanges:	

II.	GeneralKYC/AML/CFTPolicies,PracticesandProcedures:	Yes	No.
1.	Hasthecountryinwhichyouarelocatedestablishedlawsdesigned to prevent money laundering? If Yes, is your institutionsubjecttosuch laws?		
2	Doesyourinstitutionmaintainaphysicalpresenceinthelicensing country? Physical presence means a place of businesslocatedataffixedaddress(otherthansolelyonelectronicaddress, a post office address or an accommodation address)andinacountryinwhichbankemployeesoneormoreindividuals fill time and maintains operating records related tobanking activities and where the bank is subject to inspection bythebankingauthoritywhichlicensedthebanktoconductbankingactivitie s.		
3.	Does the F1 have a legal and regulatory compliance programthatincludesadesignationcomplianceofficerwhoisresponsiblefo rcoordinatingandoverseeingtheAMLprogramme,onaday-to-daybasis, whichhasbeenapprovedby SeniorManagementoftheF1?		
4	Doesthelawrequirebankstohaveproceduresforthepreventionof moneylaundering?		
5.	Has your institution developed written policies documenting theprocesses that they have in place to prevent, detect and reportsuspicioustransactionsthathasbeenapprovedbyseniormanageme nt/BoardofF1? IF YES,ESTABLISHED DATE:REVIEWEDDATE :		
6	Inadditiontoinspectionsbythegovernmentsupervisors/regulators, does the F1 client have an internal auditfunctionorotherindependentthirdpartythatassessesAML Policiesandpracticesonaregularbasis?		
7	Doesyourinstitutionhaveapolicyprohibitingaccounts/relationshipswithsh ellbanks?(AShellbankisdefinedasabankincorporatedinajurisdictioninwh ich ithas		

FileNo.17015/10/2002-IS-VI

Government of IndiaMinistry of Home AffairsInternalSecurity-IDivision

*****

NewDelhi, dated27thAugust,2009

ORDER

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

The Unlawful Activities (Prevention) Act, 1967 (UAPA) was amended and notified on 31.12.2008,which, inter-alia,insertedSection 51AtotheAct.Section51A readsasunder:-

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

(a) prohibit any individual or entity from making any funds, financial assets or economic resourcesorrelatedservicesavailableforthebenefitoftheindividualsorentitiesListedintheScheduletotheOrderor anyotherpersonengaged inorsuspectedtobe engagedin terrorism;

(b) prevent the entry into or *the transit through India of individuals Listed in the Schedule to theOrder oranyotherpersonengaged in orsuspected tobe engagedinterrorism",*

In order to expeditiously and effectively implement the provisions of Section51A,thefollowingprocedures shall befollowed:-

AppointmentandCommunicationofdetails ofUAPAnodal officers

2. Asregardsappointment andcommunicationof details ofUAPAnodalofficers-

(i) The UAPA nodal officer for IS-I division would be the Joint Secretary (IS.I), Ministry ofHome Affairs.Hiscontactdetails are011-23092736 (Tel),011-23092569(Fax)andjsis@nic.in(e-mailid).

(ii) The Ministry of External affairs, Department of Economic affairs, Foreigners Division ofMHA,FIU-IND;andRBI,SEBI,IRDAhereinafterreferredtoasRegulators)shallappoint a UAPA nodal officer and communicate the name and contact details to the IS-IDivisioninMHA.

(iv) The States and UTs should appoint a UAPA nodal officer preferably of the rank of thePrincipalSecretary/Secretary,HomeDepartmentandcommunicatethenameandcontact detailstotheIS-IDivision inMHA.

(v) TheIS-IDivisioninMHAwouldmaintaintheconsolidatedlistofallUAPAnodalofficers andforward thelisttoallother UAPAnodalofficers.

(vi) The RBI, SEBI, IRDA should forward the consolidated list of UAPA nodal officers to thebanks, stock exchanges/ depositories, intermediaries regulated by SEBI and insurancecompaniesrespectively.

(vii) The consolidatedlistoftheUAPAnodalofficersshouldbe circulated to the nodalofficer of IS-I Division of MHA in July every year and on every change. Joint Secretary(IS-I), being the nodal officer of IS-I Division of MHA, shall cause the amended list ofUAPA nodal officers to be circulated to the nodal officers of Ministry of External Affairs,Department of Economic affairs, Foreigners Division of MHA, RBI, SEBI, IRDA andFIUIND.

Communicationofthelistofdesignatedindividuals/entities

3. Asregardscommunicationofthelistofdesignatedindividuals/entities-

(i) The Ministry of External Affairs shall update the list of individuals and entities subject to UNsanction measures on a regular basis. On any revision, the Ministry of External Affairs wouldelectronically forward this list to the Nodal officers in Regulators, FIU-IND, IS-I Division andForeigners'Division inMHA.

(ii) TheRegulatorswouldforwardthelistmentionedin(i)above(referredtoasdesignatedlists)totheba nks,stockexchanges/depositories,intermediariesregulatedbySEBIandinsurancecompaniesrespe ctively.
(iii)The IS-I Division of MHA would forward the designated lists to the UAPA nodal officer of allStatesand UTs.
(iv)The Foreigners Division of MHA would forward the designated lists to the immigrationauthoritiesand securityagencies.

Regardingfunds,financialassetsoreconomicresourcesorrelatedservicesheldintheform of bankaccounts,stocksor Insurance policiesetc.

4. As regards funds, financial assets or economic resources or related services held in the form ofbank accounts, stocks or Insurance policies etc., the Regulators would forward the designated lists tothe banks, stock exchanges/ depositories, intermediaries regulated by SEBI and insurance companiesrespectively.TheRBI,SEBIandIRDAwouldissuenecessaryguidelinestobanks,stockexchanges /depositories, intermediaries regulated by SEBIandinsurance companies requiring themto-

(i) Maintainupdateddesignatedlistsinelectronicformandrunacheckonthegivenparameters on a regular basis to verify whether individuals or entities listed in the scheduleto the Order, herein after, referred to as designated individuals/entities are holding anyfunds, financial assets or economic resources or related services held in the form of bankaccounts,stocksorInsurance policiesetc.,with them.

(ii) In case, the particulars of any of their customers match with the particulars of designatedindividuals/entities, the banks, stock exchanges/depositories, intermediaries regulated bySEBI and insurance companies shall immediately, not later than 24 hours from the time offinding out such customer, inform full particulars of the funds, financial assets or economicresources or related services held in the form ofbank accounts, stocks or Insurancepolicies etc., held by such customer on their books to the Joint Secretary (IS.I), Ministry ofHome Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736.The particulars apart from being sent by post should necessarily be conveyed on e-mail id:jsis@nic.in

(iii) The banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurancecompanies shall also send a copy of the communication mentioned in (ii) above to theUAPA nodal officer of the state/UT where the account is held and Regulators and FIU-IND,as thecasemaybe.

(iv) Incase,thematchofanyofthecustomerswiththeparticularsofdesignatedindividuals/entitiesisbe yonddoubt,thebanks,stockexchanges/depositories,intermediaries regulated by SEBIandinsurancecompanies wouldpreventdesignatedpersons fromconductingfinancial transactions,underintimation to the JointSecretary(IS.I),MinistryofHomeAffairs,atFaxNo.011-23092569andalsoconveyovertelephoneon 011- 23092736. The particulars apart from being sent by post should necessarily beconveyedon e-mail id: jsis@nic.in.

(v) The banks, stock exchanges /depositories, intermediaries regulated by SEBI and insurancecompanies, shall file a Suspicious Transaction Report (STR) with FIU-IND covering alltransactions in the accounts covered by paragraph (ii) above, carried through or attemptedas perthepprescribedformat.

5. Onreceiptoftheparticularsreferredtoinparagraph3(ii)above,IS-IDivisionofMHAwouldcausea verification to be conducted by the State Police and/or the Central Agencies so as to ensure that theindividuals / entities identified by the banks, stock exchanges/depositories, intermediaries regulated bySEBI and Insurance Companies are the ones listed as designated individuals/entities and the funds,financialassetsoreconomicresourcesorrelatedservices,reportedbybanks,stockexchanges/deposit ories, intermediaries regulated by SEBI and insurance companies are held by thedesignated individuals/entities. This verification would be completed within a period not exceeding 5workingdaysfromthedateofreceiptofsuchparticulars.

6. In case, the results of the verification indicate that the properties are owned by or are held for thebenefit of the designated individuals/entities, an order to freeze these assets under section 51A of theUAPAwouldbeissuedwithin24hoursofsuchverificationandconveyedelectronicallytotheconcernedbank branch,depository,branchofinsurancecompanybranchunderintimationtorespective Regulators and FIU-IND. The UAPA nodal officer of IS-I Division of MHA shall also forwarda copy thereof to all the Principal Secretary/Secretary, Home Department of the States or UTs, so thatany individual orentity may beprohibited from making any funds, financial assetsoreconomicresources or related services available for the benefit of the designated individuals/ entities or anyother person engaged in or suspected to be engaged in terrorism. The UAPA nodal officer of IS-IDivision of MHA shall also forward a copy of the order under section 51A, to all Directors General ofPolice/Commissioners of Police of all states/UTs for initiating action under the provisions of UnlawfulActivities(Prevention)Act. Theorder shalltakeplacewithoutpriornoticetothedesignatedindividuals/entities.

Regarding financial assets or economic resources of the nature of immovableproperties

7. IS-IDivisionofMHAwouldelectronicallyforwardthedesignatedliststotheUAPAnodalofficerofall States and UTs with the request to have the names of the designated individuals/entities, on thegiven parameters, verified from the records of the office of the Registrar performing the work ofregistrationofimmovableproperties intheirrespective jurisdiction.

8. In case, the designated individuals/entities are holding financial assets oreconomic resources ofthe nature of immovable property and if any match with the designated individuals/entities is found, theUAPA nodal officer of the state/UT would cause communication of the complete particulars of suchindividual/entity along with complete details of the financial assets or economic resources of the natureofimmovablepropertytoJointSecretary(IS.I),MinistryofHomeAffairs,immediatelywithin24hoursatFax No.011-23092569 and alsoconvey overtelephone on 011-23092736. The particularsapartfrom being sent bypostwouldnecessarilybeconveyed on e-mailid: jsis@nic.in.

9. The UAPA nodal officer of the state/UT may cause such inquiry to be conducted by the State Policeso as to ensure that the particulars sent by the Registrar performing the work of registering immovableproperties are indeed of these designated individuals/entities. This verification would be completedwithin a maximum of 5 working days and should be conveyed within 24 hours of the verification, if itmatches with the particulars of the designated individual/entity to Joint Secretary (IS-I), Ministry ofHome AffairsattheFax,telephonenumbersandalsoon thee-mail idgivenbelow.

10. A copy of this reference should be sent to Joint Secretary (IS.I), Ministry of Home Affairs, at FaxNo.011-23092569 and also convey over telephone on 011-23092736. The particulars apart from beingsent by post would necessarily be conveyed on e-mail id: jsis@nic.in. MHA may have the verificationalso conducted by the Central Agencies. This verification would be completed within a maximum of 5workingdays.

11. In case, the results of the verification indicate that the particulars match with those of designatedindividuals/entities, an order under section 51A of the UAPA would be issued within 24 hours, by thenodal officer of IS-I Division of MHA and conveyed to the concerned Registrar performing the work ofregisteringimmovablepropertiesand to FIU-INDunder intimation to theconcernedUAPAnodalofficerofthe state/UT.

Theordershalltakeplacewithout priornotice,tothedesignatedindividuals/entities.

12. Further,theUAPAnodalofficerofthestate/UTshallcausetomonitorthetransactions/accountsof the designated individual/entity so as to prohibit any individual or entity from making any funds,financial assets or economic resources or related services available for the benefit of the individuals orentities Listed in the Schedule to the Order or any other person engaged in or suspected to beengaged interrorism.TheUAPAnodalofficerofthe state/UTshall uponcomingto hisnotice,transactionsandattemptsbythirdpartyimmediatelybringtothenoticeoftheDGP/Commissionerof

Police of the State/UT for also initiating action under the provisions of Unlawful Activities (Prevention)Act.

Implementationofrequestsreceivedfromforeigncountriesunder U.N.SecurityCouncilResolution 1373 of2001.

13. U.N. Security Council Resolution 1373 obligates countries to freeze without delay the funds orother assets of persons who commit,orattempt to commit, terrorist acts orparticipate in or facilitatethe commission of terrorist acts; of entities owned or controlled directly or indirectly by such persons;and of persons and entities acting on behalf of, or at the direction of such persons and entities,including funds or other assets derived or generated from property owned or controlled, directly orindirectly, by such persons and associated persons and entities. Each individual country has theauthority to designate the persons and entities that should have their funds or other assets frozen.Additionally, to ensure that effective cooperation is developed among countries, countries shouldexamine and give effect to, if appropriate, the actions initiated under the freezing mechanisms of othercountries.

14. TogiveeffecttotherequestsofforeigncountriesunderU.N.SecurityCouncilResolution1373,the Ministry of External Affairs shall examine the requests made by the foreign countries and forward itelectronically, with their comments, to the UAPA nodal officer for IS-I Division for freezing of funds orotherassets.

15. The UAPA nodal officer of IS-I Division of MHA, shall cause the request to be examined, within 5working days, so as to satisfy itself that on the basis of applicable legal principles, the requesteddesignation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that theproposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon hissatisfaction, request would be electronically forwarded to the nodal officers in Regulators, FIU-IND andto the nodal officers of the States/UTs. The proposed designee, as mentioned above would be treatedasdesignatedindividuals/entities.

16. Upon receipt of the requests by these nodal officers from the UAPA nodal officer of IS-I Division,the procedureasenumeratedatparagraphs 4to12 aboveshall befollowed.

The freezing orders shall take place without prior notice to the designatedPersons involved.

Procedure for unfreezing of funds, financial assets or economic resources or relatedservices of individuals/entities inadvertently affected by the freezing mechanism uponverificationthat the person or entityisnotadesignated person

17. Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets oreconomic resources or related services, owned/held by them has been inadvertently frozen, they shallmoveanapplicationgivingtherequisiteevidence,inwriting,totheconcernedbank,stockexchanges/depositories,intermediariesregulatedbySEBI,insurancecompanies,RegistrarofImmovableProperties and theState/UTnodalofficers.

18. Thebanks,stockexchanges/depositories,intermediariesregulatedbySEBI,insurancecompanies,RegistrarofImmovablePropertiesandtheState/UTnodal officersshallinformandforward a copy of the application together with full details of the asset frozen given by any individual orentity informing of the funds, financial assets or economic resources or related services have beenfrozen inadvertently, to the nodal officer of IS-I Division of MHA as per the contact details given inparagraph4(ii)above,within two working days.

19. The Joint Secretary (IS-I), MHA, being the nodal officer for IS-I Division of MHA shall cause suchverification as may be required on the basis of the evidence furnished by the individual/entity and if heis satisfied, he shall pass an order, within 15 working days, unfreezing the funds, financial assets oreconomicresourcesorrelatedservices,owned/heldbysuchapplicant,underintimationtotheconcerned bank, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companyandthenodalofficersofStates/UTs.However,ifitisnotpossibleforanyreasontopassanOrder

unfreezingtheassetswithin15 workingdays,thenodalofficerofIS-IDivisionshallinformtheapplicant.

CommunicationofOrdersundersection51AofUnlawfulActivities(Prevention)Act.

20. All Orders under section 51A of Unlawful Activities (Prevention) Act, relating to funds, financialassetsoreconomicresourcesorrelatedservices,wouldbecommunicatedtoallthebanks,depositories/stockexchanges,intermediariesregulatedbySEBI,insurancecompaniesthroughrespectiveRegulators,andtoalltheRegistrarsperformingtheworkofregisteringimmovableproperties,throughthestate/UTnodalofficerbyIS-IDivisionofMHA.

Regardingprevention of entryintoortransit through India

21. As regards prevention of entry into or transit through India of the designated individuals, theForeigners Division of MHA, shall forward the designated lists to the immigration authorities andsecurity agencies with a request to prevent the entry into or the transit through India. The order shalltakeplacewithoutpriornoticetothe designated individuals/entities.

22. The immigration authorities shall ensure strict compliance of the Orders and also communicate thedetails of entry or transit through India of the designated individuals as prevented by them to theForeigners'Division ofMHA'

Procedureforcommunicationofcomplianceofactiontakenundersection51A'

23. The nodal officers of IS-I Division and Foreigners Division of MHA shall furnish the details of funds,financial assets or economic resources or related services of designated individuals/entities frozen byan order, and details of the individuals whose entry into India or transit through India was prevented,respectively,totheMinistryofExternalAffairsforonward communicationtotheUnited Nations.
24. Allconcernedarerequestedtoensurestrictcomplianceofthisorder'

(D
.Diptivilasa)JointSecretarytoGovernme
ntofIndia

1. GovernorReserveBankof India.Mumbai
2. ChairmanSecurityExchangeBoardofIndia,Mumbai.
3. ChairmanInsuranceRegulatoryAuthority,Hyderabad.
4. ForeignSecretary,MinistryofExternalAffairs,NewDelhi.
5. FinanceSecretary,MinistryofFinance,NewDelhi.
6. RevenueSecretary,DepartmentofRevenue,Ministryof Finance,NewDelhi.
7. DirectorIntelligenceBureau,NewDelhi.
8. AdditionalSecretary,Departmentof FinancialServices,Ministryof Finance, NewDelhi.
9. ChiefSecretaryof AllStates/UnionTerritory.

RBI/2011-12/447

DNBS(PD).CC.No260/03.10.42/2011-12 March15,2012

All Non Banking Financial Companies
/ResiduaryNonBankingCompanies

DearSir,

Implementation of Section 51-A of UAPA, 1967- Splitting of UNSC 1267 Committee's list ofindividualsandentitieslinkedto Al-QaidaandTaliban

PleaserefertotheUNSecurityCouncil's1267Committee'sConsolidatedListofindividuals and entities linked to Al-Qaida and Taliban who are subject to the assets freeze, travelban and arms embargo as set out in relevant Security Council Resolution 1822 (2008). Pursuantto being included in the 1267 Committee's Consolidated List these individuals and entities aresubject ofactionunderSection51AoftheUnlawfulActivities (Prevention)Act,1967.

2. The UN Security Council has adopted Resolutions 1988 (2011) and 1989 (2011) which haveresultedin**splitting oftheConsolidatedListintotwoseparatelists**, namely:

(i) **"Al-Qaida Sanctions List",** which is maintained by the 1267 / 1989 Committee. This List shallinclude only the names of those individuals, groups, undertakings and entities associated with Al-Qaida.Generalinformationontheworkofthecommitteeisavailableathttp://www.un.org/sc/committees/1267/information.shtml. The Updated Al-Qaida Sanctions List isavailableathttp://www.un.org/sc/committees/1267/aq_sanctions_list.shtml

(ii) **"1988 Sanctions List",** which is maintained by the 1988 Committee. This list consists ofnamespreviouslyincludedinSectionsA("IndividualsassociatedwiththeTaliban")andB("Entities and other groups and undertakings associated with the Taliban") of the ConsolidatedList.TheUpdated1988Sanctionslistisavailableathttp://www.un.org/sc/committees/1988/list.shtml

3. It may be noted that both "Al-Qaida Sanctions List" and "1988 Sanctions List" are to be takenintoaccountforthepurposeofimplementationofSection51AoftheUnlawfulActivities(Prevention)Act,1967.

4. This information is being issued in pursuance of the instructions contained in the Ministry ofHome Affairs (Internal Security-I Division), Government of India's order F. No. 17015/10/2002-IS-IV, dated 27 August 2009, regarding the Procedure for implementation of Section 51A of theUnlawfulActivities(Prevention) Act,1967.

5. NBFCs are required to update the lists of individuals/entities as circulated by Reserve Bank andbefore opening any new account, it should be ensured that the name/s of the proposed customerdoes not appear in either list. Further, NBFCs should scan all existing accounts to ensure that noaccount isheldbyorlinkedtoanyoftheentitiesor individualsincludedinthetwolists.

Yours

faithfully,(DrTuli

Roy)
DeputyGeneralManager

RBI/2014-15/269
DBOD.AML.BC.No. 44/14.01.001/2014-15 October21,2014

TheChairperson/ChiefExecutiveOfficers
All Scheduled Commercial Banks (Excluding RRBs)/ Local Area Banks /AllIndiaFinancialInstitutions

DearMadam/Sir

Know Your Customer (KYC) Norms /Anti-Money Laundering(AML) Standards/ Combating of FinancingofTerrorism(CFT)guidelines–

clarificationsonperiodicupdationoflowriskcustomers,non-requirement of repeated KYC for the same customer to open new accounts and partial freezing of KYCnon-compliantaccounts

Reserve Bank has been simplifying the KYC norms from time to time, in order to ease the difficulties faced bycommon persons while opening bank accounts and complying with periodic updation requirements. It has,however, been brought to the notice of the Reserve Bank that despite such measures and various attempts bybanks in this direction, customers are still facing difficulties in complying with the periodic updation requirements.Further, it is also reported that there are still many KYC non-compliant accounts due to non-submission of KYCdocuments by customers at the time of periodical updation. This often leads to KYC non-compliant accountscontinuingtobe operatedandmakingthemvulnerable tomoney-launderingandterroristfinancingactivities.

2. In this context, a reference is invited to paragraphs 31 and 32 (extracts enclosed) of the Fourth Bi-MonthlyMonetaryPolicyStatement,2014-15,announcedonSeptember30,2014,oneasingnormstobefollowedduringperiodicupdationandintroduction of 'partialfreezing'onKYC non-compliantaccounts.

3. In terms of ourcircular DBOD.AML.BC.No.39/14.01.001/2013-14 dated September 4, 2014on 'Client DueDiligence',therequirementofapplyingclientduediligencemeasurestoexistingclientsatanintervaloftwo/ eight/ten years in respect of high/medium/low risk clients respectively, would continue taking into accountwhether and when client due diligence measures have previously been undertaken and the adequacy of dataobtained. In order to further ease the difficulties in complying with the KYC requirements, within the overallframework of thePreventionofMoneyLaunderingAct,2002(PMLA) andRules(PMLR),itisclarifiedasunder:

(i) Banks need not seek fresh proofs of identity and address at the time of periodic updation, from thosecustomers who are categorised as 'low risk', in case of no change in status with respect to their identities andaddresses. A self-certification by the customer to that effect should suffice in such cases. In case of change ofaddress of such 'low risk' customers, they could merely forward a certified copy of the document (proof ofaddress) by mail/post, etc. Banks may not insist on physical presence of such low risk customer at the time ofperiodicupdation.

(ii) If an existing KYC compliant customer of a bank desires to open another account in the same bank, thereshouldbe no needforsubmissionoffreshproof of identityand/orproof ofaddressforthepurpose.

4. As regards non-compliance of KYC requirements by the customers despite repeated reminders by banks, ithas been decided that banks should impose 'partial freezing' on such KYC non-compliant in a phased manner.Meanwhile, the account holders can revive accounts by submitting the KYC documents as per instructions inforce. While imposing 'partial freezing', banks are advised to ensure that the option of 'partial freezing' isexercised after giving due notice of three months initially to the customers to comply with KYC requirement andfollowed by a reminder for further period of three months. Thereafter, banks may impose 'partial freezing' byallowing all credits and disallowing all debits with the freedom to close the accounts. If the accounts are still KYCnon-compliant after six months of imposing initial 'partial freezing' banks may disallow all debits and creditsfrom/to the accounts, rendering them inoperative. Further, it would always be open to the bank to close theaccountofsuchcustomers.

5. Banks may revise their KYC policy in the light of the above instructions and ensure strict adherence to thesame.

Yours

faithfully(Lily

Vadera)
ChiefGeneralManager

RBI/2014-15/287RPCD.RRB.RCB.AML.BC.No.39/07.51.018/2014-15

October31,2014

RegionalRuralBanks(RRBs)/
State / Central Cooperative Banks

(StCBs/CCBs)Madam/DearSir,

KnowYourCustomer(KYC)Norms/Anti-MoneyLaundering(AML)Standards/CombatingofFinancingofTerrorism(CFT)guidelines– clarificationsonperiodicupdationoflowriskcustomers,non-requirement of repeated KYC for the same customer to open new accounts and partial freezing of KYCnon-compliantaccounts

Reserve Bank has been simplifying the KYC norms from time to time, in order to ease the difficulties faced bycommon persons while opening bank accounts and complying with periodic updation requirements. It has,however, been brought to the notice of the Reserve Bank that despite such measures and various attempts bybanks in this direction, customers are still facing difficulties in complying with the periodic updation requirements.Further, it is also reported that there are still many KYC non-compliant accounts due to non-submission of KYCdocuments by customers at the time of periodical updation. This often leads to KYC non-compliant accountscontinuingtobe operatedandmakingthemvulnerabletomoney-launderingandterroristfinancing activities.

2. In this context, a reference is invited to paragraphs 31 and 32 (extracts enclosed) of the Fourth Bi-MonthlyMonetaryPolicyStatement,2014-15,announcedonSeptember30,2014,oneasingnormstobefollowedduringperiodicupdationandintroduction of 'partialfreezing'onKYC non-compliantaccounts.

3. In terms of our circular RPCD.RRB.RCB.AML.BC.No.31/07.51.018/2014-15 dated September 9, 2014 on'Client Due Diligence', the requirement of applying client due diligence measures to existing clients at an intervalof two/eight/ten years in respect of high/medium/low risk clients respectively, would continue taking into accountwhether and when client due diligence measures have previously been undertaken and the adequacy of dataobtained. In order to further ease the difficulties in complying with the KYC requirements, within the overallframework of thePreventionofMoneyLaunderingAct,2002(PMLA) andRules(PMLR),itisclarifiedasunder:

i. RRBs and StCBs/CCBs need not seek fresh proofs of identity and address at the time of periodic updation, fromthose customers who are categorized as 'low risk', in case of no change in status with respect to their identitiesand addresses. A self-certification by the customer to that effect should suffice in such cases. In case of changeof address of such 'low risk' customers, they could merely forward a certified copy of the document (proof ofaddress) by mail/post, etc. Banks may not insist on physical presence of such low risk customer at the time ofperiodicupdation.
ii. If an existing KYC compliant customer of a bank desires to open another account in the same bank, there shouldbenoneedforsubmission offreshproof ofidentityand/or proof ofaddress forthepurpose.
iii. 4. As regards non-compliance of KYC requirements by the customers despite repeated reminders by banks, ithas been decided that banks should impose 'partial freezing' on such KYC non-compliance in a phased manner.Meanwhile, the account holders can revive accounts by submitting the KYC documents as per instructions inforce. While imposing 'partial freezing', banks are advised to ensure that the option of 'partial freezing' isexercised after giving due notice of three months initially to the customers to comply with KYC requirement andfollowed by a reminder for further period of three months. Thereafter, banks may impose 'partial freezing' byallowing all credits and disallowing all debits with the freedom to close the accounts. If the accounts are still KYCnon-compliant after six months of imposing initial 'partial freezing' banks may disallow all debits and creditsfrom/to the accounts, rendering them inoperative. Further, it would always be open to the bank to close theaccountsofsuchcustomers.

5. RRBs and StCBs/CCBs may revise their KYC policy in the light of the above instructions and ensure strictadherencetothesame.

Yoursfaithfully,

(Madhavi
Sharma)ChiefGenera
lManager

Encl.asabove