



Policy On

KNOW YOUR CUSTOMER (KYC)

AND

ANTI MONEY LAUNDERING (AML)

2023-24

The Satara Sahakari Bank Ltd.
“Policy on KYC Norms and AML Measures 2023-24”



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Policy On KNOW YOUR CUSTOMER (KYC) AND ANTI MONEY LAUNDERING (AML) 2023-24

INTRODUCTION:

1.1 Bank has in place a policy on **KNOW YOUR CUSTOMER (KYC)** norms and **ANTI MONEY LAUNDERING (AML)** measures earlier approved by the Board in their meeting dated 29th September 2022. The policy was based on the then prevailing guidelines and directives issued by RBI time to time.

1.2 The KYC guidelines have regularly been revisited by RBI in the context of the recommendations made by the FATF and PMLA on AML standards and on CFT. These guidelines advise Banks to follow certain Customer Identification Procedure for opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority.

1.3 RBI vide its Master Circulars and directions on "Know Your Customer (KYC) norms / Anti Money Laundering (AML) Standards / Combating of Financing of Terrorism (CFT)/Obligation of Banks under PMLA, 2002", advised banks to put in place a policy on 'Know Your Customer' and "Anti-Money Laundering measures" including the above referred recommendations with approval of the Board.

1.4 RBI has issued guidelines under Section 35A of the Banking Regulation Act, 1949 and Rule 7 of Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 and any contravention thereof or non compliance may attract penalties under Banking Regulation Act.

1.5 This policy has been compiled taking into account the guidelines enumerated in **RBI/DBR/2015-16/18 Master Direction DBR.AML.BC. No. 81/14.01.001/2015-16 February 25, 2016 (Updated as on May 04, 2023)** as amended from time to

time by the GOI and Aadhaar and other laws(amendment) Ordinance, 2019 as notified by the GOI, Banks are required to follow certain customer identification procedures while undertaking either by establishing an account-based relationship or otherwise and monitor their transactions. Banks shall take steps to implement the provisions of the aforementioned act, Rules and Ordinance, including operational instructions issued in pursuance of such amendment(s).

2. OBJECTIVES OF THE POLICY:

2.1 To lay down policy framework for abiding by the Know Your Customer Norms and Anti Money Laundering Measure as set out by RBI, based on the Policy on KYC Norms and AML Measures recommendations of the FATF, provisions under PMLA and the paper issued on Customer Due Diligence (CDD) for banks issued by the Basel Committee on Banking Supervision.

2.2 To prevent the Bank from being used, intentionally or unintentionally, by Criminal elements for money laundering or financing terrorist activities.

2.3 To enable the Bank to know / its customers and their financial dealings better, which in turn would help it to manage its risks prudently.

2.4 To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws / laid down procedures and regulatory guidelines.

2.5 To take necessary steps to ensure that the dealing staff is adequately trained in KYC/AML procedures.

3) SCOPE OF THE POLICY:

3.1 This policy is applicable to all branches / business segments of the Bank /, and is to be read in conjunction with related operational guidelines issued from time to time.

3.2 The contents of the policy shall always be read in tandem/auto-corrected With the changes/modifications which may be advised by RBI and / or by (PMLA and its amendments)/ or by any regulators and / or by Bank from time to time.

4) DEFINITIONS AND EXPLANATIONS OF VARIOUS TERMS :

4.1. "Aadhaar number", as defined in the Aadhaar no shall have the meaning assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016),

II) "Authentication", in the context of Aadhaar authentication, means the process as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.

4.2 Beneficial Owner (BO)

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

Explanation- For the purpose of this sub-clause-

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

2. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.

ii) Where the customer is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 per cent of capital or profits of the partnership.

iii) Where the customer is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership of/entitlement to more than 15 per cent of the property or capital or profits of the unincorporated association or body of individuals.

Explanation: Term 'body of individuals' includes societies. Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

iv) Where the customer is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with

10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

4.3 "Certified Copy" - Obtaining a certified copy by the Bank shall mean comparing the copy of the proof of possession of Aadhaar number where offline verification cannot be carried out or officially valid document so produced by the customer with the original and recording the same on the copy by the authorised officer of the bank as per the provisions contained in the Act.

4.4 "Central KYC Records Registry" (CKYCR) means an entity defined under Rule 2(1)(aa) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.

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

- a. the Managing Director (**in our bank CEO**) or a whole-time Director, duly authorized by the Board of Directors of the bank,
- b. the Managing Partner, if the it is a partnership firm,
- c. the Proprietor, if the it is a proprietorship concern,
- d. the Managing Trustee, if it is a trust,
- e. a person or individual, as the case may be, who controls and manages the affairs of the bank, if it is an unincorporated association or a body of individuals, and
- f. a person who holds the position of senior management or equivalent designated as a 'Designated Director' in respect of Co-Operative Banks.

4.6 "Digital KYC" means the capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the bank as per the provisions contained in the Act.

4.7 "Digital Signature" shall have the same meaning as assigned to it in clause (p) of subsection (1) of section (2) of the Information Technology Act, 2000 (21 of 2000).

4.8 "Equivalent e-document" means an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.

4.9 "Know Your Client (KYC) Identifier" means the unique number or code assigned to a customer by the Central KYC Records Registry.

4.10 "Non-profit organisations" (NPO) means any entity or organisation that is registered as a trust or a society under the Societies Registration Act, 1860 or any similar State legislation or a company registered under Section 8 of the Companies Act, 2013.

4.11 Officially Valid Document" (OVD) means the passport, the driving licence, Proof of possession of Aadhaar number, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address.

Provided that,

a. where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.

b. where the OVD furnished by the customer does not have updated address, the following documents or the equivalent e-documents thereof shall be deemed to be OVDs for the limited purpose of proof of address:-

i. utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);

ii. Property or Municipal tax receipt;

iii. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;

iv. letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation;

c. the customer shall submit OVD with current address within a period of three months of submitting the documents specified at 'b' above.

d.Recent colour photo of individual.

e.Pan Card not as a proof for identification but for TDS purpose.

4.12 Offline verification" shall have the same meaning as assigned to it in clause (pa) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016).

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

- a. an individual,
- b. a Hindu undivided family,
- c. a company,
- d. a firm,
- e. an association of persons or a body of individuals, whether incorporated or not,
- f. every artificial juridical person, not falling within any one of the above persons (a to e), and
- g. any agency, office or branch owned or controlled by any of the above persons (a to f).

4.14 "Principal Officer" means an officer nominated by the bank, responsible for furnishing information as per rule 8 of the Rules.

4.15 "Suspicious transaction" means a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith,:

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

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

- a. opening of an account;

- b. deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;
- c. the use of a safety deposit box or any other form of safe deposit;
- d. entering into any fiduciary relationship;
- e. any payment made or received, in whole or in part, for any contractual or other legal obligation; or
- f. establishing or creating a legal person or legal arrangement.

Non voucher generating transactions:-

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

4.18 "Customer" means a person who is engaged in a financial transaction or activity with a bank and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

4.19 "Walk-in Customer" means a person who does not have an account based relationship with the bank, but undertakes transactions with the bank.

4.20 "Customer Due Diligence (CDD)" means identifying and verifying the customer and the beneficial owner

4.21 "Customer identification" means undertaking the process of CDD.

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

4.23 "Non-face-to-face customers" mean customers who open accounts without visiting the branch/offices of the bank or meeting the officials of bank

4.24 "On-going Due Diligence" means regular monitoring of transactions in accounts to ensure that they are consistent with the customers' profile and source of funds. Particularly high risk customers accounts.

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

4.26 "Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States/Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.

4.27 "Shell bank" means a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial group that is subject to effective consolidated supervision.

4.28 "Wire transfer" means a transaction carried out, directly or through a chain of transfers, on behalf of an originator person (both natural and legal) through a bank by electronic means with a view to making an amount of money available to a beneficiary person at a bank.

4.29 "Domestic and cross-border wire transfer": When the originator bank and the beneficiary bank is the same person or different person located in the same country, such a transaction is a domestic wire transfer, and if the 'originator bank' or 'beneficiary bank' is located in different countries such a transaction is cross-border wire transfer.

5. KYC POLICY GUIDELINES:

5.1 There are four key elements to the KYC guidelines as set out by RBI

1. Customer Acceptance Policy;
2. Risk Management
3. Customer Identification Procedures (CIP), and
4. Monitoring of Transactions;

5.2 Money Laundering and Terrorist Financing Risk Assessment by Banks:

(a) Bank shall carryout "Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment exercise periodically to identify, assess and take effective

measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services transactions or delivery channels, etc.

The assessment process should consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. While preparing the internal risk assessment, Bank shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with banks from time to time.

(b) The Risk assessment of bank shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities / structure, etc. of the bank. Further the periodicity of risk assessment exercise shall be determined by the Board of the bank, in alignment with the outcome of the risk assessment exercise. However, it should be reviewed at least annually.

(c) The outcome of the exercise shall be put up to the Board or any committee of the Board to which power in this regard delegated, and should be available to competent authorities and self-regulating bodies.

(d) Bank shall apply a Risk Based Approach (RBA) for mitigation and management of the identified risk and should have Board approved policies, controls, and procedures in this regard, further, Bank shall monitor the implementation of the controls and enhance them if necessary.

5.3 Designated Director:

(a) A "Designated Director" means a person designated by the bank to ensure overall compliance with the obligations imposed under Chapter IV of the PML Act and the Rules and shall be nominated by the Board.

(b) The name, designation and address of the Designated Director shall be communicated to the FIU-IND.

(c) Further, the name, designation, address and contact details of the Designated Director shall also be communicated to the RBI.

(d) In no case, the Principal Officer shall be nominated as the 'Designated Director'.

5.4. Principal Officer:

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

(b) The name, designation and address of the Principal Officer shall be communicated to the FIU-IND.

© Further, the name, designation, address and contact details of the Principal Officer shall also be communicated to the RBI.

5.5 Compliance of KYC policy :

(a) Banks shall ensure compliance with KYC Policy through:

(i) Specifying as to who constitute 'Senior Management' for the purpose of KYC compliance.

(ii) Allocation of responsibility for effective implementation of policies and procedures.

(iii) Independent evaluation of the compliance functions of banks' policies and procedures, including legal and regulatory requirements.

(iv) Concurrent/Internal inspection system to verify the compliance with KYC/AML policies and procedures.

(v) Submission of quarterly audit notes and compliance to the Audit Committee.

(b) Banks shall ensure that decision-making functions of determining compliance with KYC norms are not outsourced.

6. Customer Acceptance Policy (CAP)

6.1 Without prejudice to the generality of the aspect that Customer Acceptance Policy may contain:

(a) No account is opened in anonymous or fictitious/ benami name.

(b) No account is opened where the bank is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.

(c) No transaction or account-based relationship is undertaken without following the CDD procedure.

(d) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation is specified.

(e) Additional information, where such information requirement has not been specified in the internal KYC Policy of the bank, is obtained with the explicit consent of the customer.

(f) Banks shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of a bank desires to open another account with the same bank, there shall be no need for a fresh CDD exercise.

(g) CDD Procedure is followed for all the joint account holders, while opening a joint account.

(h) Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.

(i) Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists circulated by Reserve Bank of India.

(j) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.

(k) Where an equivalent e-document is obtained from the customer, Bank shall verify the digital signature as per the provisions of the Information Technology Act 2000 (21 of 2000).

(l) Where Goods and Service Tax (GST) details are available, the GST number shall be verified from the search / verification facility of the issuing authority.

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

b. Where bank forms a suspicion of money laundering or terrorist financing, and it reasonably believes that performing the CDD process will tip-off the customer, it shall not pursue the CDD process, and instead file an STR with FIU-IND.

7 Risk Management:

7.1. For Risk Management, banks shall have a risk based approach which includes the following.

(a) Customers shall be categorised as low, medium and high risk category, based on the assessment and risk perception of the bank.

(b) Risk categorisation shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the customer's business and their location, geographical risk covering customers as well as transactions, type of products/services offered, delivery channel used for

delivery of products / services. Types of transactions undertaken-cash, cheque /monetary instruments, wire transfers, forex transactions, etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.

(C) The risk categorisation of a customer and the specific reasons for such categorisation shall be kept confidential and shall not be revealed to the customer to avoid tipping off the customer.

Provided that various other information collected from different categories of customers relating to the perceived risk, is non-intrusive and the same is specified in the KYC policy.

Risk Profiles of Customers

A savings as well as current accounts should be treated as inoperative / dormant if there are no transactions in the account for over a period of **two years**.

Some of the High Risk Level Activities

Sr. No.	Category
1	Public figure (Politicians, High Gov. Officials / Close Family Members / Associates)
2	Jewellery / General Trade
3	Money Changers
4	Real Estate Agents
5	Construction Promoters
6	Bar / Casino Night Club Owners
7	Traders with annual turnover more than a crore
8	Share and Stock brokers
9	NBFC
10	Trade / Transport Operators
11	Auto Dealers (used cars)
12	Bullion Dealers including Sub dealers

- a) Branches need to continue carry out on going due diligence to respect to the business relationships with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of their client, his business and risk profile and wherever necessary, the source of funds. For high risk parties, full KYC shall be done at least every two years.
- b) Full KYC exercise will be required to be done at least every eight years for low risk individuals and entities.
- c) Bank is required to identify suspicious transactions in the above a/c for filing Suspicious Transactions Report (STR) to FIU – IND.

Some of the Medium Risk Level Activities:-

Sr. No.	Category
1	Non – banking Financial Companies
2	Stock Brokers
3	Importers – Exporters
4	Gas Stations
5	Car – Boat – Plane dealers
6	Electronic Whole sale firms
7	Travel Agencies
8	Used car selling Firms
9	Tele Marketing Firms
10	Telephone – Internet Cafes
11	Call centers
12	Dotcom Companies
13	Pawn Shops
14	Auctioneers
15	Restaurants
16	Retail shops

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17	Fast Food Stalls
18	Movie Theatres
19	Parking Garages
20	Practitioners
21	Small Law Firms
22	Notaries
23	Secretarial Firms
24	Venture Capital Companies
25	Blind Individuals
26	Pardanashin Women
27	Co-operative Societies
28	HUF
29	Registered Bodies

a) Branches need to continue carry out on going due diligence to respect to the business relationships with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of their client, his business and risk profile and wherever necessary, the source of funds.

b) Full KYC exercise will be required to be done at least every eight years for low risk individuals and entities.

c) Positive confirmation obtaining KYC related objects through

e - mail / letter / telephone conversation / forms / interviews visits etc will be required to be completed at least every 8 years.

Some Low Risk Level Activities:-

Sr. No.	Category
1	Retail Business (Annual Turnover less than a crore)
2	Franchisees
3	Software Vendor
4	Manufacturers (other than Arms)
5	Retired Persons
6	Service Class
7	Self Employed Professionals
8	Corporate Customers of Repute
9	Joint Sector Firms
10	Proprietary Firms
11	Partnership Firms
12	Private Limited Companies
13	Public Limited Companies

a) Branches need to continue carry out on going due diligence to respect to the business relationships with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of their client, his business and risk profile and wherever necessary, the source of funds.

b) Full KYC exercise will be required to be done at least every ten years for low risk individuals and entities.

c) Positive confirmation (obtaining KYC related objects through email / letter / telephonic conversation / forms / interviews / visits etc.) will be required to be completed at least every 10 years.

8 Customer Identification Procedure (CIP) :

8.1 Bank shall undertake identification of customers in the following cases:

- (a) Commencement of an account-based relationship with the customer.
- (b) Carrying out any international money transfer operations for a person who is not an account holder of the bank.
- (c) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
- (d) Selling third party products as agents, selling their own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for more than rupees fifty thousand.
- (e) Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.
- (f) When a bank has reason to believe that a customer (account- based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.
- (g) Banks shall ensure that introduction is not to be sought while opening accounts.

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

- (a) Records or the information of the customer due diligence carried out by the third party is obtained within two days from the third party or from the Central KYC Records Registry.
- (b) Adequate steps are taken by banks to satisfy themselves that copies of identification data and other relevant documentation relating to the customer due diligence requirements shall be made available from the third party upon request without delay.
- (c) The third party is regulated, supervised or monitored for, and has measures in place for, compliance with customer due diligence and record-keeping requirements in line with the requirements and obligations under the PML Act.
- (d) The third party shall not be based in a country or jurisdiction assessed as high risk.

(e) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the bank.

9: Customer Due Diligence (CDD) Procedure:

9.1 CDD Procedure in case of Individuals:

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

- (a) The Aadhaar number where,
 - i. He is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar.
 - ii. He decides to submit his Aadhaar number voluntarily to a bank or any bank notified under first proviso to sub section (1) of section 11A of the PML act, or
- (aa) The proof of possession of Aadhaar number where offline verification can be carried out, or
- (ab) the proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address or
- (ac) the KYC Identifier with an explicit consent to download records from CKYCR; and
- (b) the Permanent Account Number or the equivalent e-document thereof or Form No-60 as defined in Income-tax Rules, 1962, and
- (c) Such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by bank.

Provided that where the customer has submitted,

- i) Aadhaar number under clause (a) above to a bank notified under first proviso to sub section (1) of section 11A of the PML Act, bank shall carry out authentication of the customer's Aadhaar number using e-kyc authentication facility provided by the UIAI. Further, in such case. If customer wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Depository, he may give a self-declaration to that effect to the bank.
- ii) Proof of possession of Aadhaar under clause (aa) above where offline verification can be carry out offline verification.
- iii) An equivalent e-document of any OVD, the bank shall verify the digital signature as per the provisions of the Information Technology Act 2000 (21 of 2000) and any rules issues there under and take a live photo.
- iv) Any OVD or proof of possession of Aadhaar number under clause (ab) above where offline verification cannot be carried out, the bank shall carry out verification through digital KYC.
- v) KYC Identifier under clause (ac) above, the bank shall retrieve the KYC records online from the CKYCR in accordance with Sec.56.

Provided that for a period not beyond such date as may be notified by the Govt. for a class of bank. Instead of carrying out digital KYC, the bank pertaining to such class may obtain a certified copy of the proof of possession of Aadhaar number or the OVD and a recent photograph where an equivalent e-document is not submitted.

Provided further that in case e-KYC authentication cannot be performed for an individual desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 owing To injury, illness or infirmity on account of old age or otherwise, and similar causes, bank shall, apart from obtaining the Aadhaar number, perform identification preferably by carrying out offline verification or alternatively by obtaining the certified copy of any other OVD or the equivalent e-document thereof from the customer. CDD done in this manner shall invariably be carried out by an official of the bank and such exception handling shall also be a part of the concurrent audit as

mandated in Section 8. Banks shall ensure to duly record the cases of exception handling in a centralised exception database. The database shall contain the details of grounds of granting exception, customer details, name of the designated official authorising the exception and additional details, if any. The database shall be subjected to periodic internal inspection by the bank and shall be available for supervisory review.

9.2 Accounts opened using Aadhaar OTP based e-KYC, in non-face-to-face mode.

(Note: This type procedure is not followed in our bank, so RBI's KYC rules & guidelines are not mentioned here)

9.3 In case an individual customer who does not possess any of the OVDs and desires to open a bank account, banks shall open a 'Small Account', Known as 'BSDA'.

(Note: This type accounts are not allowed to be opened in our bank, so RBI's KYC rules & guidelines are not mentioned here)

9.4 Simplified procedure for opening accounts by Non-Banking Finance Companies (NBFCs):

(Note: This type accounts are not allowed to be opened in our bank, so RBI's KYC rules & guidelines are not mentioned here)

9.5 Bank may undertake live V-CIP. (Video-Customer Identification Procedure), to be carried out by an official of the bank, for establishment of an account based relationship with an individual customer, after obtaining his informed consent.

(Note: This type system/procedure is not followed in our bank, so RBI's KYC Rules & Guidelines are not mentioned here)

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

9.6: CDD Measures for Sole Proprietary firms:

For opening an account in the name of a sole proprietary firm, CDD of the individual (proprietor) shall be carried out.

In addition to the above, any **two** of the following documents **or the equivalent e-documents thereof** as a proof of business/ activity in the name of the proprietary firm shall also be obtained:

- (a) Recent colour photos of proprietor
- (b) Registration certificate including Udyam Registration Certificate (URC) issued by the Govt.
- (c) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
- (d) Sales and income tax returns.
- (e) CST/VAT/ GST certificate.
- (f) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities.
- (g) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
- (h) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities.
- (i) Utility bills such as electricity, water, landline telephone bills, etc.

In cases where the banks are satisfied that it is not possible to furnish **two** such documents, banks may, at their discretion, accept only one of those documents as proof of business/activity.

Provided banks undertake contact point verification and collect such other information and clarification as would be required to establish the existence of such firm, and shall confirm and satisfy itself that the business activity has been verified from the address of the proprietary concern.

9.7 CDD Measures for Legal Entities:

i) For opening an account of a company, certified copies of each of the following documents **or the equivalent e-documents** thereof shall be obtained:

- (a) Recent colour photos of Directors
- (b) Certificate of incorporation
- (c) Memorandum and Articles of Association
- (d) Permanent Account Number of the company
- (e) A resolution from the Board of Directors and power of attorney granted to its Managers, Officers or employees to transact on its behalf
- (f) Documents, as specified in Section 16, of the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf
- (g) the names of the relevant persons holding senior management position; and
- (i) the registered office and the principal place of its business, if it is different.

ii) For opening an account of a partnership firm, the certified copies of each of the following documents **or the equivalent e-documents** shall be obtained:

- (a) Recent colour photos of Partners
- (b) Registration certificate
- (c) Partnership deed
- (d) Permanent Account Number of the partnership firm
- (e) Documents, as specified in Section 16, relating to beneficial owner, managers officers or employees, as the case may be, holding an attorney to transact on its behalf.
- (f) the names of all the partners and
- (g) address of the registered office, and the principal place of its business, if it is different.

iii) For opening an account of a trust, certified copies of each of the following documents **or the equivalent e-documents** shall be obtained:

- (a) Recent colour photos of Trustees
- (b) Registration certificate
- (c) Trust deed
- (d) Permanent Account Number or Form No.60 of the trust
- (e) Documents, as specified in Section 16, relating to beneficial owner, managers officers or employees, as the case may be, holding an attorney to transact on its behalf.
- (f) the names of the beneficiaries , trustees, settlor and authors of the trust
- (g) the address of the registered office of the trust ; and

(h) List of trustees and documents, as specified in Sect.16, for those discharging the role as trustee and authorised to transact on behalf of the trust.

iv) For opening an account of an unincorporated association or a body of individuals, certified copies of each of the following documents **or the equivalent e-documents thereof shall be obtained:**

(a) Recent colour photos of Authorised Persons.

(b) Resolution of the managing body of such association or body of individuals

(c) Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals

(d) Power of attorney granted to transact on its behalf

(e) Documents, as specified in Section 16, relating to beneficial owner, managers officers or employees, as the case may be, holding an attorney to transact on its behalf and

(f) Such information as may be required by the bank to collectively establish the legal existence of such an association or body of individuals.

Explanation: Unregistered trusts/partnership firms shall be included under the term ‘unincorporated association’.

Explanation: Term ‘body of individuals’ includes societies.

v) For opening accounts of juridical persons not specifically covered in the earlier part, such as societies, universities and local bodies like village panchayats etc., or who purports to act on behalf of such juridical person or individual or trust.

Explanation: As our bank is “**Non Scheduled Urban Co-Op. Bank**, we are not allowed to open accounts of “**Societies, Universities and Local bodies like Village Panchayats,**”

9.8 Identification of Beneficial Owner

For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps in terms of sub-rule (3) of Rule 9 of the Rules to verify his/her identity shall be undertaken keeping in view the following:

(a) Where the customer or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to

identify and verify the identity of any shareholder or beneficial owner of such companies.

(b) In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

9.9 On-going Due Diligence:

Banks shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile; and the source of funds.

Without prejudice to the generality of factors that call for close monitoring following types of transactions shall necessarily be monitored:

(a) Large and complex transactions including RTGS transactions, and those with unusual patterns, inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose.

(b) Transactions which exceed the thresholds prescribed for specific categories of accounts.

(c) High account turnover inconsistent with the size of the balance maintained.

(d) Deposit of third party cheques, drafts, etc. in the existing and newly opened accounts followed by cash withdrawals for large amounts.

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

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

(a) A system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.

(b) The transactions in accounts of marketing firms, especially accounts of Multi-level Marketing (MLM) Companies shall be closely monitored.

Explanation: Cases where a large number of cheque books are sought by the company and/or multiple small deposits (generally in cash) across the country in one bank account and/or where a large number of cheques are issued bearing

similar amounts/dates, shall be immediately reported to Reserve Bank of India and other appropriate authorities such as FIU-IND.

9.10 Periodic Updation:

Bank shall adopt a risk-based approach for periodic updation of KYC. However, **periodic updation shall be carried out at least once in every two years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers from the date of opening of the account / last KYC updation.** Policy in this regard shall be documented as part of banks internal KYC policy duly approved by the Board of Directors of bank or any committee of the Board to which power has been delegated.

a) Individual Customers:

i. No change in KYC information: In case of no change in the KYC information, a self-declaration from the customer in this regard shall be obtained through customer's email-id registered with the bank, customer's mobile number registered with the bank, ATMs, digital channels (such as online banking / internet banking, mobile application of bank), letter etc.

ii. Change in address: In case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from the customer through customer's email-id registered with the bank, customer's mobile number registered with the bank, ATMs, digital channels (such as online banking / internet banking, mobile application of bank), letter etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables etc.

Further, banks, at their option, may obtain a copy of OVD or deemed OVD or the equivalent e-documents thereof, as defined in Section 3(a)(xiii), for the purpose of proof of address, declared by the customer at the time of periodic updation. Such requirement, however, shall be clearly specified by the banks in their internal KYC policy duly approved by the Board of Directors of banks or any committee of the Board to which power has been delegated.

iii. Accounts of customers, who were minor at the time of opening account, on their becoming major: In case of customers for whom account was opened when they were minor, fresh photographs shall be obtained on their becoming a major and at that time it shall be ensured that CDD documents as per the current CDD

standards are available with the banks. Wherever required, banks may carry out fresh KYC of such customers i.e. customers for whom account was opened when they were minor, on their becoming a major.

b) Customers other than individuals:

i. No change in KYC information: In case of no change in the KYC information of the LE customer, a self-declaration in this regard shall be obtained from the LE customer through its email id registered with the bank, ATMs, digital channels (such as online banking / internet banking, mobile application of bank), letter from an official authorized by the LE in this regard, board resolution etc. Further, Banks shall ensure during this process that Beneficial Ownership (BO) information available with them is accurate and shall update the same, if required, to keep it as up-to-date as possible.

ii. Change in KYC information: In case of change in KYC information, bank shall undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.

c) Additional measures: In addition to the above, Banks shall ensure that,

i. The KYC documents of the customer as per the current CDD standards are available with them. This is applicable even if there is no change in customer information but the documents available with the bank are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the bank has expired at the time of periodic updation of KYC, Bank shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.

ii. Customer's PAN details, if available with the bank, is verified from the database of the issuing authority at the time of periodic updation of KYC.

iii. Acknowledgment is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of periodic updation of KYC are promptly updated in the records / database of the banks and an intimation, mentioning the date of updation of KYC details, is provided to the customer.

iv. In order to ensure customer convenience, Banks may consider making available the facility of periodic updation of KYC at any branch, in terms of their internal KYC policy duly approved by the Board of Directors of banks or any committee of the Board to which power has been delegated.

v. Banks shall adopt a risk-based approach with respect to periodic updation of KYC. Any additional and exceptional measures, which otherwise are not mandated under the above instructions, adopted by the banks such as requirement of obtaining recent photograph, requirement of physical presence of the customer, requirement of periodic updation of KYC only in the branch of the bank where account is maintained, a more frequent periodicity of KYC updation than the minimum specified periodicity etc., shall be clearly specified in the internal KYC policy duly approved by the Board of Directors of banks or any committee of the Board to which power has been delegated.

vi. Banks shall ensure that their internal KYC policy and processes on updation / periodic updation of KYC are transparent and adverse actions against the customers should be avoided, unless warranted by specific regulatory requirements.

d) In case of existing customers, Bank shall obtain the Permanent Account Number or equivalent e-document thereof or Form No.60, by such date as may be notified by the Central Government, failing which bank shall temporarily cease operations in the account till the time the Permanent Account Number or equivalent e-documents thereof or Form No. 60 is submitted by the customer.

Provided that before temporarily ceasing operations for an account, the bank shall give the customer an accessible notice and a reasonable opportunity to be heard.

Further, Bank shall include, in its internal policy, appropriate relaxation(s) for continued operation of accounts for customers who are unable to provide Permanent Account Number or equivalent e-document thereof or Form No. 60 owing to injury, illness or infirmity on account of old age or otherwise, and such like causes. Such accounts shall, however, be subject to enhanced monitoring.

Provided further that if a customer having an existing account-based relationship with a bank gives in writing to the bank that he does not want to submit his Permanent Account Number or equivalent e-document thereof or Form No.60, Bank shall close the account and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer by obtaining the identification documents as applicable to the customer.

Explanation – For the purpose of this Section, “temporary ceasing of operations” in relation an account shall mean the temporary suspension of all transactions or

activities in relation to that account by the bank till such time the customer complies with the provisions of this Section. In case of asset accounts such as loan accounts, for the purpose of ceasing the operation in the account, only credits shall be allowed.

10 Enhanced and Simplified Due Diligence Procedure:

A. Enhanced Due Diligence:

10.1 Accounts of non-face-to-face customers: (Other than Aadhaar OTP based on boarding)

(Note: This type of accounts are not allowed to be opened in our bank)

10.2 Accounts of Politically Exposed Persons (PEPs)

A. Banks shall have the option of establishing a relationship with PEPs provided that:

(a) Sufficient information including information about the sources of funds accounts of family members and close relatives is gathered on the PEP;

(b) The identity of the person shall have been verified before accepting the PEP as a customer;

(c) The decision to open an account for PEP is taken at a senior level in accordance with the banks' Customer Acceptance Policy;

(d) All such accounts are subjected to enhanced monitoring on an on-going basis;

(e) in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management's approval is obtained to continue the business relationship;

(f) The CDD measures as applicable to PEPs including enhanced monitoring on an on-going basis are applicable.

B. These instructions shall also be applicable to accounts where PEP is the beneficial owner

(Note: This type of accounts are not allowed to be opened in our bank)

10.3 Client accounts opened by professional intermediaries:

Banks shall ensure while opening client accounts through professional intermediaries, that:

- (a) Clients shall be identified when client account is opened by a professional intermediary on behalf of a single client.
- (b) Banks shall have option to hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds.
- (c) Banks shall not open accounts of such professional intermediaries who are bound by any client confidentiality that prohibits disclosure of the client details to the bank.
- (d) All the beneficial owners shall be identified where funds held by the intermediaries are not co-mingled at the level of bank, and there are 'sub-accounts', each of them attributable to a beneficial owner, or where such funds are co-mingled at the level of bank, the bank shall look for the beneficial owners.
- (e) Banks shall, at their discretion, rely on the 'customer due diligence' (CDD) done by an intermediary, provided that the intermediary is a regulated and supervised entity and has adequate systems in place to comply with the KYC requirements of the customers.
- (f) The ultimate responsibility for knowing the customer lies with the bank.

(Note: This type accounts are not allowed to be opened in our bank)

B. Simplified Due Diligence:

i) Norms for Self Help Groups (SHGs) Simplified.

- (a) CDD of all the members of SHG shall not be required while opening the savings bank account of the SHG.
- (b) CDD of all the office bearers shall suffice.
- (c) CDD of all members of SHG may be undertaken at the time credit linking of SHGs.

ii) Procedure to be followed by banks while opening accounts of foreign students:

- (a) Banks shall, at their option, open a Non Resident Ordinary (NRO) bank account of a foreign student on the basis of his/her passport (with visa &

immigration endorsement) bearing the proof of identity and address in the home country together with a photograph and a letter offering admission from the educational institution in India.

i. Provided that a declaration about the local address shall be obtained within a period of 30 days of opening the account and the said local address is verified.

ii. Provided further that pending the verification of address, the account shall be operated with a condition of allowing foreign remittances not exceeding USD 1,000 or equivalent into the account and a cap of rupees fifty thousand on aggregate in the same, during the 30-day period.

(b) The account shall be treated as a normal NRO account, and shall be operated in terms of Reserve Bank of India's instructions on Non-Resident Ordinary Rupee (NRO) Account, and the provisions of FEMA 1999.

(c) Students with Pakistani nationality shall require prior approval of the Reserve Bank for opening the account.

Explanation:- As we are non scheduled urban co-op bank, we are not allowed to open such type of accounts.

11 Record Management:

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

(a) Maintain all necessary records of transactions between the bank and the customer, both domestic and international, for at least five years from the date of transaction;

(b) Preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;

(c) Make available swiftly, the identification records and transaction data to the competent authorities upon request;

(d) introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);

(e) maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:

- (i) the nature of the transactions;
 - (ii) the amount of the transaction and the currency in which it was denominated;
 - (iii) the date on which the transaction was conducted; and
 - (iv) the parties to the transaction.
- (f) Evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;
- (g) Maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

12 Reporting Requirements to Financial Intelligence Unit – India

i) Banks shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), information referred to in Rule 3 of the PML (Maintenance of Records) Rules, 2005 in terms of Rule 7 thereof.

Explanation: In terms of Third Amendment Rules notified September 22, 2015 regarding amendment to sub rule 3 and 4 of rule 7, Director, FIU-IND shall have powers to issue guidelines to the banks for detecting transactions referred to in various clauses of sub-rule (1) of rule 3, to direct them about the form of furnishing information and to specify the procedure and the manner of furnishing information.

ii) The reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports shall be taken note of. The editable electronic utilities to file electronic Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR) which FIU-IND has placed on its website shall be made use of by banks which are yet to install/adopt suitable technological tools for extracting CTR/STR from their live transaction data. The Principal Officers of those banks, whose all branches are not fully computerized, shall have suitable arrangement to cull out the transaction details from branches which are not yet computerized and to feed the data into an electronic file with the help of the editable electronic utilities of CTR/STR as have been made available by FIU-IND on its website <http://fiuindia.gov.in>.

iii) While furnishing information to the Director, FIU-IND, delay of 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 the Rule shall be constituted as a

separate violation. Banks shall not put any restriction on operations in the accounts where an STR has been filed. Banks shall keep the fact of furnishing of STR strictly confidential. It shall be ensured that there is no tipping off to the customer at any level.

iv) Robust software, throwing alerts when the transactions are inconsistent with risk categorization and updated profile of the customers shall be put in to use as a part of effective identification and reporting of suspicious transactions.

13 Requirements/obligations under International Agreements Communications from International Agencies –

Banks shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).

The details of the two lists are as under:

(a) The UNSC press release concerning amendments to the list is available at
<https://scsanctions.un.org/ohz5jen-al-qaida.html>

<https://scsanctions.un.org/3ppp1en-taliban.htm>

(Ref.: RBI/DBR.AML.BC.No.81/14.01.001./2015-16 updated 04.05.2023)

In terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links,

(For Individuals and entities, see the above 2 Links given by RBI)

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Banned Entities Associated with Al-Qaida : Section “B” only mentioned below,

S.No	a) ISIL(Da’esh) & Al-Qaida Sanctions List (Only Entities)		
1	ABU SAYYAF GROUP	46	AL-QAIDA
2	AL-ITIHAAD AL-ISLAMIYA / AIAI	47	AL RASHID TRUST
3	EGYPTIAN ISLAMIC JIHAD	48	ARMED ISLAMIC GROUP
4	ASBAT AL-ANSAR	49	ISLAMIC MOVEMENT OF UZBEKISTAN
5	HARAKAT UL-MUJAHIDIN / HUM	50	LIBYAN ISLAMIC FIGHTING GROUP
6	ISLAMIC ARMY OF ADEN	51	MAKHTAB AL-KHIDAMAT
7	THE ORGANIZATION OF AL-QAIDA IN THE ISLAMIC MAGHREB	52	JAM'YAH TA'AWUN AL-ISLAMIA
8	WAFI HUMANITARIAN ORGANIZATION	53	RABITA TRUST
9	JAISH-I-MOHAMMED	54	UMMAH TAMEER E-NAU (UTN)
10	AFGHAN SUPPORT COMMITTEE (ASC)	55	MOROCCAN ISLAMIC COMBATANT GROUP
11	REVIVAL OF ISLAMIC HERITAGE SOCIETY	56	TUNISIAN COMBATANT GROUP
12	AL-HARAMAIN ISLAMIC FOUNDATION	57	GLOBAL RELIEF FOUNDATION (GRF)
13	AL-HARAMAIN ISLAMIC FOUNDATION (SOMALIA)	58	JEMAAH ISLAMIYAH
14	EASTERN TURKISTAN ISLAMI MOVEMENT (ETIM)	59	BENEVOLENCE INTERNATIONAL
15	LASHKAR I JHANGVI (LJ)	60	AL-HARAMAYN FOUNDATION (KENYA)
16	ANSAR AL-ISLAM	61	AL-HARAMAYN FOUNDATION (TANZANIA)
17	ISLAMIC INTERNATIONAL BRIGADE (IIB)	62	AL FURQAN
18	RIYADUS-SALIKHIN RECONNAISSANCE AND	63	TAIBAH INTERNATIONAL-BOSNIA OFFICES
19	SPECIAL PURPOSE ISLAMIC REGIMENT (SPIR)	64	AL-HARAMAIN & AL MASJED AL-AQSA CHARITY
20	AL-HARAMAIN FOUNDATION (INDONESIA)	65	AL-HARAMAIN: AFGHANISTAN BRANCH
21	AL-HARAMAIN FOUNDATION (PAKISTAN)	66	AL-HARAMAIN: ALBANIA BRANCH
22	AL-HARAMAIN: THE NETHERLANDS BRANCH	67	AL-HARAMAIN: BANGLADESH BRANCH
23	AL-QAIDA IN IRAQ	68	AL-HARAMAIN: ETHIOPIA BRANCH
24	AL-HARAMAIN FOUNDATION (UNION OF THE	69	AL-QAIDA IN THE ARABIAN PENINSULA (AQAP)
25	LASHKAR-E-TAYYIBA	70	HARAKAT-UL JIHAD ISLAMI
26	ISLAMIC JIHAD GROUP	71	EMARAT KAVKAZ
27	AL-AKHTAR TRUST INTERNATIONAL	72	TEHRIK-E TALIBAN PAKISTAN (TTP)
28	RAJAH SOLAIMAN MOVEMENT	73	JEMMAH ANSHORUT TAUHID (JAT)
29	MOUVEMENT POUR L'UNIFICATION ET LE JIHAD EN	74	ANSAR AL-SHARI'A IN TUNISIA (AAS-T)

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30	ANSAR EDDINE	75	ABDALLAH AZZAM BRIGADES (AAB)
31	MUHAMMAD JAMAL NETWORK (MJN)	76	ANSAR AL CHARIA DERNA
32	AL-NUSRAH FRONT FOR THE PEOPLE OF THE	77	ANSAR AL CHARIA BENGHAZI
33	JAMA'ATU AHLIS SUNNA LIDDA'AWATI WAL-JIHAD	78	HILAL AHMAR SOCIETY INDONESIA (HASI)
34	AL MOUAKAOUNE BIDDAM	79	THE ARMY OF EMIGRANTS AND SUPPORTERS
35	AL MOULATHAMOUN	80	HARAKAT SHAM AL-ISLAM
36	AL MOURABITOUN	81	MUJAHIDIN INDONESIA TIMUR (MIT)
37	ANSARUL MUSLIMINA FI BILADIS SUDAN	82	JUND AL-KHILAFAH IN ALGERIA (JAK-A)
38	JAMAAT-UL-AHRAR (JuA)	83	HANIFA MONEY EXCHANGE OFFICE (BRANCH LOCATED IN ALBU KAMAL, SYRIAN ARAB REPUBLIC)
39	SELSELAT AL-THAHAB	84	Jaysh Khalid Ibn al Waleed
40	JUND AL AQSA	85	AL-KAWTHAR MONEY EXCHANGE
41	KHATIBA IMAM AL-BUKHARI (KIB)	86	JAMA'A NUSRAT UL-ISLAM WA AL-MUSLIMIN (JNIM)
42	TARIQ GIDAR GROUP (TGG)	87	ISLAMIC STATE IN IRAQ AND THE LEVANT - KHORASAN (ISIL- K)
43	ISLAMIC STATE WEST AFRICA PROVINCE (ISWAP)	88	ISLAMIC STATE IN THE GREATER SAHARA (ISGS)
44	JAMA'AH ANSHARUT DAULAH	89	ISLAMIC STATE IN IRAQ AND THE LEVANT - LIBYA
45	ISLAMIC STATE IN IRAQ AND THE LEVANT - YEMEN	90	-----

Banned Entities Associated with Taliban:Section“B”only mentioned below,

Sr.No	(b) The “1988 Sanctions List” (Only Entities)		
1	HAJI KHAIRULLAH HAJI SATTAR MONEY EXCHANGE	4	HAQQANI NETWORK (HQN)
2	ROSHAN MONEY EXCHANGE	5	RAHAT LTD.

3	HAJI BASIR AND ZARJMIL COMPANY HAWALA	6	----
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13.1. Details of accounts resembling any of the individuals/entities in the lists shall be reported to FIU-IND apart from advising Ministry of Home Affairs as required under UAPA notification **dated March 14, 2019.**

13.2 In addition to the above, other UNSCRs circulated by the Reserve Bank in respect of any other jurisdictions/ entities from time to time shall also be taken note of.

13.3. Freezing of Assets under Section 51A of Unlawful Activities (Prevention) Act, 1967

The procedure laid down in the UAPA Order dated March 14, 2019 shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured.

13.4 Jurisdictions that do not or insufficiently apply the FATF Recommendations

(a) FATF Statements circulated by Reserve Bank of India from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered. Risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statement shall be taken into account.

(b) Special attention shall be given to business relationships and transactions with persons (including legal persons and other financial institutions) from or in countries that do not or insufficiently apply the FATF Recommendations and jurisdictions included in FATF Statements.

Explanation: The process referred to in Section 55 a & b do not preclude Banks from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statement.

(c) The background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in FATF Statements and countries that do not or insufficiently apply the FATF Recommendations shall be examined, and written findings together with all documents shall be retained and shall be made available to Reserve Bank/other relevant authorities, on request.

14 Other Instructions:

14.1 Secrecy Obligations and Sharing of Information:

- (a) Banks shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the banker and customer.
- (b) Information collected from customers for the purpose of opening of account shall be treated as confidential and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer.
- (c) While considering the requests for data/information from Government and other agencies, banks shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in the banking transactions.
- (d) The exceptions to the said rule shall be as under:
 - i. Where disclosure is under compulsion of law
 - ii. Where there is a duty to the public to disclose,
 - iii. The interest of bank requires disclosure and
 - iv. Where the disclosure is made with the express or implied consent of the customer.

15 CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)

Banks shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as required by the revised KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be. Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015.

The 'live run' of the CKYCR would start with effect from July 15, 2016 in phased manner beginning with new 'individual accounts'. Accordingly, Banks shall take the following steps:

- (i) Banks other than SCBs shall upload the KYC data pertaining to all new individual accounts opened on or after from April 1, 2017 with CERSAI in terms of the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

(ii) Operational Guidelines (version 1.1) for uploading the KYC data have been released by CERSAI. Further, 'Test Environment' has also been made available by CERSAI for the use of banks.

16 Period for presenting payment instruments

Payment of cheques/drafts/pay orders/banker's cheques, if they are presented beyond the period of three months from the date of such instruments, shall not be made.

17 Operations of Bank Accounts & Money Mules

The instructions on opening of accounts and monitoring of transactions shall be strictly adhered to, in order to minimise the operations of "Money Mules" which are used to launder the proceeds of fraud schemes (*e.g.*, phishing and identity theft) by criminals who gain illegal access to deposit accounts by recruiting third parties which act as "money mules." If it is established that an account opened and operated is that of a Money Mule, it shall be deemed that the bank has not complied with these directions.

18 Collections of Account Payee Cheques:

Account payee cheques for any person other than the payee constituent shall not be collected. Banks shall, at their option, collect account payee cheques drawn for an amount not exceeding rupees fifty thousand to the account of their customers who are co-operative credit societies, provided the payees of such cheques are the constituents of such co-operative credit societies.

19 (a) A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with individual customers as also the existing customers by banks.

(b) The banks shall, at their option, not issue UCIC to all walk-in/occasional customers such as buyers of pre-paid instruments/purchasers of third party products provided it is ensured that there is adequate mechanism to identify such walk-in customers who have frequent transactions with them and ensure that they are allotted UCIC.

20 Introduction of New Technologies –

Bank shall identify and assess the ML/TF risks that arise in relation to the development of new products and new business practices, including new delivery

mechanisms, and the use of new or developing technologies for both new and pre-existing products,

Further bank shall ensure:

- a) To undertake the ML/TF risk assessments prior to the launch or use of such products, practices, technologies; and
- b) Adoption of a risk-based approach to manage and mitigate the risks through appropriate EDD measures and transaction monitoring, etc.

21 Issue and Payment of Demand Drafts, etc.,

Any remittance of funds by way of demand draft, mail/telegraphic transfer/NEFT/IMPS or any other mode and issue of travelers' cheques for value of rupees fifty thousand and above shall be effected by debit to the customer's account or against cheques and not against cash payment.

Further, the name of the purchaser shall be incorporated on the face of the demand draft, pay order, banker's cheque, etc., by the issuing bank. These instructions shall take effect for such instruments issued on or after September 15, 2018.

22 Quoting of PAN:

Permanent account number (PAN) or **equivalent e-document thereof** of customers shall be obtained and verified while undertaking transactions as per the provisions of Income Tax Rule 114B applicable to banks, as amended from time to time. Form 60 shall be obtained from persons who do not have PAN or **equivalent e-document thereof**.

23 Selling Third party products:

Banks acting as agents while selling third party products as per regulations in force from time to time shall comply with the following aspects for the purpose of these directions:

- (a) the identity and address of the walk-in customer shall be verified for transactions above rupees fifty thousand as required under Section 13(e) of this Directions.

(b) transaction details of sale of third party products and related records shall be maintained as prescribed in Chapter VII Section 46.

(c) AML software capable of capturing, generating and analysing alerts for the purpose of filing CTR/STR in respect of transactions relating to third party products with customers including walk-in customers shall be available.

(d) Transactions involving rupees fifty thousand and above shall be undertaken only by:

- debit to customers' account or against cheques; and
- obtaining and verifying the PAN given by the account-based as well as walk-in customers.

(e) Instruction at 'd' above shall also apply to sale of banks' own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for rupees fifty thousand and above.

24 At-par cheque facility availed by co-operative banks

(a) The 'at par' cheque facility offered by commercial banks to co-operative banks shall be monitored and such arrangements be reviewed to assess the risks including credit risk and reputational risk arising there from.

(b) The right to verify the records maintained by the customer cooperative banks for compliance with the extant instructions on KYC and AML under such arrangements shall be retained by banks.

(c) Co-Operative Banks shall:

i. ensure that the 'at par' cheque facility is utilised only:

a. for their own use,

b. for their account-holders who are KYC complaint, provided that all transactions of rupees fifty thousand or more are strictly by debit to the customers' accounts,

c. for walk-in customers against cash for less than rupees fifty thousand per individual.

ii. maintain the following:

a. records pertaining to issuance of 'at par' cheques covering, inter alia, applicant's name and account number, beneficiary's details and date of issuance of the 'at par' cheque,

b. sufficient balances/drawing arrangements with the commercial bank extending such facility for purpose of honouring such instruments.

iii. ensure that 'At par' cheques issued are crossed 'account payee' irrespective of the amount involved.

25 Issuance of Prepaid Payment Instruments (PPIs):

PPI issuers shall ensure that the instructions issued by Department of Payment and Settlement System of Reserve Bank of India through their Master Direction are strictly adhered to.

26 Hiring of Employees and Employee training

- (a) Adequate screening mechanism as an integral part of their personnel recruitment/hiring process shall be put in place.
- (b) Bank shall endeavour to ensure that staff dealing with /being deployed for KYC/AML/CFT matters have: high integrity and ethical standards .good understanding of extant KYC/AML/CFT standard, effective communication skills and ability to keep up with the changing KYC/AML/CFT landscape, nationally and internationally. Bank shall also strive to develop an environment which fosters open communication and high integrity amongst the staff.
- (c) On-going employee training programme shall be put in place so that the members of staff are adequately trained in AML/CFT policy. The focus of the training shall be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff shall be specially trained to handle issues arising from lack of customer education. Proper staffing of the audit function with persons adequately trained and well-versed in AML/CFT policies of the bank, regulation and related issues shall be ensured.

27 POLICY UPDATES AND REVIEW

The policy is governed by the prevailing other Policies of the Bank and will comply with the extant Regulatory / Statutory guidelines. Any subsequent changes in the policies / guidelines, if any, will form part of the said policy. Updation or modification to the policy shall be initiated as per business requirements keeping in view the RBI guidelines/directions on KYC/AML or based on feedback / inputs received from branches.

The modifications / updates to the policy may also be initiated by Principal Officer based on the analysis of transactions monitored in customer accounts / Operational risk events.

The Satara Sahakari Bank Ltd.
"Policy on KYC Norms and AML Measures 2023-24"

The policy will be effective for one year from the date of approval and it will continue to be in force till the reviewed policy come into force.

Asst. Gen.Manager Dy.Gen.Manager Gen. Manager Chief Executive Officer

Approved :-

Resolution No: 11

Board meeting Dt. 11.09.2023