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‘Know Your Customer (KYC), Anti Money Laundering (AML) & Combating Financing Terrorism (CFT)’ Policy

The KYC, AML and CFT Policy in vogue has been reviewed by the Inspection and Audit Compliance Sub-Committee taking into consideration the guidelines/circulars issued by Reserve Bank of India on ‘Know Your Customer (KYC), Anti Money Laundering (AML) and Combating Financing Terrorism (CFT)’ Policy made from time to time and approved by the Board in its meeting held on 29.09.2020 vide Resolution No.2.e(ii) as under :

1. Objectives

The Objective of KYC guidelines is to prevent the bank from being used, intentionally or unintentionally, by criminal elements for money laundering activities. Bank is required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions. Bank shall take steps to implement the provisions of the aforementioned Act and Rules, including operational instructions issued in pursuance of such amendment(s). It will also enable the bank to know our customers and their financial dealings better, which in turn will help the bank to manage its risks prudently.

2. Definitions

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

- A. Terms bearing meaning assigned in terms of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005:
 - i. Aadhaar number", as defined under sub-section (a) of section 2 of the *Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016*, henceforth ‘*The Aadhaar Act*’, means an identification number issued to an individual by Unique Identification Authority of India (UIDAI) on receipt of the demographic information and biometric information as per the provisions of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.
 - ii. “Act” and “Rules” means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, respectively and amendments thereto.

iii. "Authentication", as defined under sub-section (c) of section 2 of the Aadhaar Act, means the process by which the Aadhaar number along with demographic information or biometric information of an individual is submitted to the Central Identities Data Repository (CIDR) for its verification and such Repository verifies the correctness, or the lack thereof, on the basis of information available with it;

iv. **Beneficial Owner (BO)**

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

Explanation- For the purpose of this sub-clause-

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

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

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

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

d) Where the **customer is a trust**, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

v. "**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.

- vi. **“Central KYC Records Registry”** (CKYCR) means an entity defined under Rule 2(1) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.
- vii. **“Designated Director”** means a person designated by the bank who holds the position of senior management or equivalent designated as a 'Designated Director' to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall include:-
- a) the Managing Director or a whole-time Director, duly authorized by the Board of Directors, if the bank is a company,
 - b) the Managing Partner, if the bank is a partnership firm,
 - c) the Proprietor, if the bank is a proprietorship concern,
 - d. the Managing Trustee, if the bank is a trust,
 - e) a person or individual, as the case may be, who controls and manages the affairs of the bank, if the bank is an unincorporated association or a body of individuals, and
 - f) a person who holds the position of senior management or equivalent designated as a 'Designated Director' in respect of Cooperative Banks and Regional Rural Banks.
- Explanation - For the purpose of this clause, the terms "Managing Director" and "Whole-time Director" shall have the meaning assigned to them in the Companies Act, 2013.
- viii. **“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.
- ix. **“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).
- x. **“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.
- xi. **“Know Your Client (KYC) Identifier”** means the unique number or code assigned to a customer by the Central KYC Records Registry.
- xii. **“Enrolment number”** means “Enrolment ID” as defined in Section 2(1)(j) of the Aadhaar (Enrolment and Update) Regulation, 2016 which means a 28 digit Enrolment Identification Number allocated to residents at the time of enrolment of Aadhaar.

- xiii. “**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.
- xiv. “**Officially Valid Document**” (OVD) means the passport, the driving licence, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government, letter issued by the 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) where the OVD presented by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.

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

- xv. “**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).

- xv. “**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).
- xvi. “**Principal Officer**” means an officer nominated by the bank, responsible for furnishing information as per rule 8 of the Rules.
- xvii. “**Resident**”, as defined under sub-section (v) of section 2 of the Aadhaar Act, means an individual who has resided in India for a period or periods amounting in all to one hundred and eighty-two days or more in the twelve months immediately preceding the date of application for enrolment for Aadhaar;
- xviii. “**Suspicious transaction**” means a “transaction” as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith,:
- a) gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
 - b) appears to be made in circumstances of unusual or unjustified complexity; or
 - c) appears to not have economic rationale or *bona-fide* purpose; or
 - d) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.
- Explanation: Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organization or those who finance or are attempting to finance terrorism.*
- xix. A ‘**Small Account**’ means a savings account in which:
- a) the aggregate of all credits in a financial year does not exceed rupees one lakh;
 - b) the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and
 - c) the balance at any point of time does not exceed rupees fifty thousand.

Provided, that this limit on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements.

- xx. “**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.
- xxi. Video based Customer Identification Process (V-CIP): a method of customer identification by an official of the bank by undertaking seamless, secure, real-time, consent based audio-visual interaction with the customer to obtain identification information including the documents required for CDD purpose, and to ascertain the veracity of the information furnished by the customer. Such process shall be treated as face-to-face process for the purpose of this Master Direction.

B.”Terms bearing meaning assigned in this Directions, unless the context otherwise requires, shall bear the meanings assigned to them below:

- i. “**Common Reporting Standards**” (CRS) means reporting standards set for implementation of multilateral agreement signed to automatically exchange information based on Article 6 of the Convention on Mutual Administrative Assistance in Tax Matters.
- ii. “**Customer**” means a person who is engaged in a financial transaction or activity with a bank and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.
- ii. “**Walk-in Customer**” means a person who does not have an account based relationship with the bank, but undertakes transactions with the bank.
- iv. “**Customer Due Diligence (CDD)**” means identifying and verifying the customer and the beneficial owner.
- v. “**Customer identification**” means undertaking the process of CDD.
- vi. “**FATCA**” means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers or foreign entities in which U.S. taxpayers hold a substantial ownership interest.
- vii. “**IGA**” means Inter Governmental Agreement between the Governments of India and the USA to improve international tax compliance and to implement FATCA of the USA.
- viii. “**KYC Templates**” means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.

- ix. “**Non-face-to-face customers**” means customers who open accounts without visiting the branch/offices of the bank or meeting the officials of bank.
- x. “**On-going Due Diligence**” means regular monitoring of transactions in accounts to ensure that they are consistent with the customers’ profile and source of funds.
- xi. “**Periodic Updation**” means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by the Reserve Bank.
- xii. “**Politically Exposed Persons**” (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States/Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.
- xiii. “**Bank**” means
The Janata Co-operative Bank Ltd. and its branches/offices.
- xiv. “**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.
- xv. “**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.

C. All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act or the Reserve Bank of India Act, or the Prevention of Money Laundering Act and Prevention of Money Laundering (Maintenance of Records) Rules, any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

3. Know Your Customer Policy

The KYC policy shall include following four key elements:

- A. Customer Acceptance Policy;
- B. Risk Management;
- C. Customer Identification Procedures (CIP); and
- D. iv Monitoring of Transactions

4. Money Laundering and Terrorist Financing Risk Assessment by Banks:

- A. Banks shall carry out ‘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.

- B. 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, Banks shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with banks from time to time.
- C. The risk assessment by the 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.
- D. The outcome of the exercise shall be put up to the Board or any committee of the Board to which power in this regard has been delegated, and should be available to competent authorities and self-regulating bodies.

Banks 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, Banks shall monitor the implementation of the controls and enhance them if necessary.

5. 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. In no case, the Principal Officer shall be nominated as the 'Designated Director'.

6. 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.

7. Compliance of KYC policy

- A. bank 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 bank policies and procedures, including legal and regulatory requirements.
 - iv. Concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures.
 - v. Submission of quarterly audit notes and compliance to the Audit Committee.
- B. bank shall ensure that decision-making functions of determining compliance with KYC norms are not outsourced.

8. Customer Acceptance Policy

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

- A. No account is opened in anonymous or fictitious/benami name.
- B. No account is opened where the banks 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. 'Optional'/additional information, is obtained with the explicit consent of the customer after the account is opened.
- F. Bank shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of a banks desires to open another account with the same banks, 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).

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.

9. Risk Management

- A. For Risk Management, bank shall have a risk based approach which includes the following.
- i. Customers shall be categorised as low, medium and high risk category, based on the assessment and risk perception of the bank.
 - ii. Risk categorisation shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.

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

Explanation: FATF Public Statement, the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), guidance note circulated to all cooperative banks by the RBI etc., may also be used in risk assessment.

- B. Having formulated an effective KYC programme it is essential to ensure its proper implementation and also ensuring that Bank's policies and procedures are implemented effectively. The Branch Managers will implement the instructions conveyed to them by head office from time to time. The nature and extent of due diligence will depend on the risk perceived by Branch. The Principal Officer at Head Office will ensure proper implementation in branches under their control.
- i. Branches should prepare a profile for each new customer based on risk categorisation. The customer profile should contain information relating to customer's identity, social/financial status, nature of business activity, information about the clients' business and their location etc. The nature and extent of due diligence will depend on the risk perceived by the bank.
 - ii. Branches should categorise their customers into low, medium and high risk category based on their assessment and risk perception of the customers, identifying transactions that fall outside the regular pattern of activity and not merely based on any group or class they belong to. The branches are advised to ensure that the policies are complied meticulously. The nature and extent of due diligence, may be based on the following principles:

Customers that are categorized as medium or high risk etc. Manger may apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear.

For the purpose of customers profile of individual accounts holders the following information shall be collected at the time of opening of Account (already incorporated in the account opening form) Mandatory information :-

- a) Occupation
- b) Source of funds
- c) Monthly income
- d) Annual Turnover
- e) Date of Birth
- f) Dealing with other Banks
- g) Existing Credit facilities

Optional information for better customer relationship (already incorporated in account opening form)

- a) Marital status
- b) Educational Qualification
- c) Educational qualification of spouse
- d) Information regarding Children
- e) Ownership of car/two wheeler house etc.
- f) Having credit card
- g) Having insurance policy

Low Risk

Individuals (other than High Net Worth) and entities, whose identity and source of income, can be easily identified, and customers in whose accounts the transactions conform to the known profile, may be categorised as low risk.

- a) Salaried employees
- b) People belonging to lower economic strata of the society whose accounts shoe small balances and low turn over.
- c) Accounts of members/member cooperative societies
- d) Reputed persons of the area as per information available in public.
- e) Small businessmen/retail traders of the area with turn over below Rs.10.00 Lacs per month.
- f) Small/marginal/other farmers who are native of the area.

Medium Risk

Customers who are likely to pose a higher than average risk should be categorised as medium risk.

- a) Trusts/Charities/NGO's not receiving donations
- b) Businessmen/retail traders of the area with turn over of above Rs.10.00 Lacs per month.
- c) Accounts with frequent transactions in the form of issue/collection of cheque DD etc.
- d) Client accounts opened by a professional intermediary on behalf of a client
- e) Any other account as may be perceived risky by the Manager.

High Risk

High risk depending on the background, nature and location of activity, country of origin, sources of funds, customer profile, etc. Customers requiring very high level of monitoring, e.g., those involved in cash intensive business, Politically Exposed Persons (PEPs) of foreign origin, may, if considered necessary, be categorised as high risk.

- a) Non-resident customers
- b) High net worth individuals
- c) Trusts/Charities/NGO's and other organizations receiving donations.
- d) Companies having close family share holding or beneficial ownership.
- e) Firms with sleeping partners.
- f) Politically exposed persons (PEP) of foreign origin
- g) Those with dubious reputation as per public information available.
- h) Accounts of non-face to face customers.
- i) Any other account as may be perceived to be highly risky by the manager.

10. Customer Identification Procedure (CIP) :

Customer identification means undertaking client due diligence measures while commencing an account-based relationship including identifying and verifying the customer and the beneficial owner on the basis of one of the OVDs. Banks need to obtain sufficient information to establish, to their satisfaction, the identity of each new customer, whether regular or occasional, and the purpose of the intended nature of the banking relationship. The bank must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place. Such risk-based approach is considered necessary to avoid disproportionate cost to the bank and a burdensome regime for the customers.

- A. Bank shall undertake identification of customers in the following cases:
- i. Commencement of an account-based relationship with the customer.
 - ii. Carrying out any international money transfer operations for a person who is not an account holder of the bank.
 - iii. When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
 - iv. 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.
 - v. 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.
 - vi. 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.
 - vii. Bank shall ensure that introduction is not to be sought while opening accounts.
- B. For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, bank, shall at their option, rely on customer due diligence done by a third party, subject to the following conditions:
- i. 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.
 - ii. 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.
 - iii. 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.
 - iv. The third party shall not be based in a country or jurisdiction assessed as high risk.
 - v. The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the bank.

Customer Due Diligence (CDD) Procedure

Customer Due Diligence (CDD) Procedure in case of Individuals

11. For undertaking CDD, banks shall obtain the following information 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 (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or

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

a) the proof of possession of Aadhaar number where offline verification can be carried out; or

b) 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; 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 the bank :

Provided that where the customer has submitted,

i. Aadhaar number under clause (a) above to a bank or to a bank notified under first proviso to sub-section (1) of section 11A of the PML Act, such bank or bank shall carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India. Further, in such a case, if customer wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, 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 carried out, the bank shall 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 thereunder and take a live photo as specified under Annex I.
- 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 as specified under Annex I.

Provided that for a period not beyond such date as may be notified by the Government for a class of banks, 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, banks 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 audit/inspection by the RE and shall be available for supervisory review.

Explanation 1: bank shall, where its customer submits a proof of possession of Aadhaar Number containing Aadhaar Number, ensure that such customer redacts or blacks out his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required as per proviso (i) above.

Explanation 2: Biometric based e-KYC authentication can be done by bank official/business correspondents/business facilitators.

Explanation 3: The use of Aadhaar, proof of possession of Aadhaar etc., shall be in accordance with the Aadhaar (Targeted Delivery of Financial and Other Subsidies Benefits and Services) Act, 2016 and the regulations made thereunder.

- 12.** Accounts opened using OTP based e-KYC, in non-face-to-face mode, are subject to the following conditions:
- A. There must be a specific consent from the customer for authentication through OTP.
 - B. the aggregate balance of all the deposit accounts of the customer shall not exceed rupees one lakh. In case, the balance exceeds the threshold, the account shall cease to be operational, till CDD as mentioned at (v) below is complete.
 - C. the aggregate of all credits in a financial year, in all the deposit accounts taken together, shall not exceed rupees two lakh.
 - D. As regards borrowal accounts, only term loans shall be sanctioned. The aggregate amount of term loans sanctioned shall not exceed rupees sixty thousand in a year.
 - E. Accounts, both deposit and borrowal, opened using OTP based e-KYC shall not be allowed for more than one year within which identification as per Section 16 is to be carried out.
 - F. If the CDD procedure as mentioned above is not completed within a year, in respect of deposit accounts, the same shall be closed immediately. In respect of borrowal accounts no further debits shall be allowed.
 - G. A declaration shall be obtained from the customer to the effect that no other account has been opened nor will be opened using OTP based KYC in non-face-to-face mode with any other bank. Further, while uploading KYC information to CKYCR, bank shall clearly indicate that such accounts are opened using OTP based e-KYC and other bank shall not open accounts based on the KYC information of accounts opened with OTP based e-KYC procedure in non-face-to-face mode.
 - H. Bank shall have strict monitoring procedures including systems to generate alerts in case of any non-compliance/violation, to ensure compliance with the above mentioned conditions.
- 13.** Bank may undertake live V-CIP, 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 and shall adhere to the following stipulations:
- A. The official of the bank performing the V-CIP shall record video as well as capture photograph of the customer present for identification and obtain the identification information as below:
 - i. Banks can use either OTP based Aadhaar e-KYC authentication or Offline Verification of Aadhaar for identification. Further, services of Business Correspondents (BCs) may be used by banks for aiding the V-CIP.
 - B. Bank shall capture a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority.
 - C. Live location of the customer (Geotagging) shall be captured to ensure that customer is physically present in India

- D. The official of the bank shall ensure that photograph of the customer in the Aadhaar/PAN details matches with the customer undertaking the V-CIP and the identification details in Aadhaar/PAN shall match with the details provided by the customer.
- E. The official of the bank shall ensure that the sequence and/or type of questions during video interactions are varied in order to establish that the interactions are real-time and not pre-recorded.
- F. In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than 3 days from the date of carrying out V-CIP.
- G. All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process.
- H. Bank shall ensure that the process is a seamless, real-time, secured, end-to-end encrypted audiovisual interaction with the customer and the quality of the communication is adequate to allow identification of the customer beyond doubt. bank shall carry out the liveness check in order to guard against spoofing and such other fraudulent manipulations.
- I. To ensure security, robustness and end to end encryption, the banks shall carry out software and security audit and validation of the V-CIP application before rolling it out.
- J. The audiovisual interaction shall be triggered from the domain of the RE itself, and not from third party service provider, if any. The V-CIP process shall be operated by officials specifically trained for this purpose. The activity log along with the credentials of the official performing the V-CIP shall be preserved.
- K. Banks shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp.
- L. Bank is encouraged to take assistance of the latest available technology, including Artificial Intelligence (AI) and face matching technologies, to ensure the integrity of the process as well as the information furnished by the customer. However, the responsibility of customer identification shall rest with the Bank.
- M. Bank shall ensure to redact or blackout the Aadhaar number in terms of Section 16.
- N. BCs can facilitate the process only at the customer end and as already stated above, the official at the other end of V-CIP interaction should necessarily be a bank official. Banks shall maintain the details of the BC assisting the customer, where services of BCs are utilized. The ultimate responsibility for customer due diligence will be with the bank.

14. Notwithstanding anything contained in Section 16 and as an alternative thereto, in case an individual who desires to open a bank account, banks shall open a 'Small Account', which entails the following limitations:

- A. the aggregate of all credits in a financial year does not exceed rupees one lakh;
- B. the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and
- C. the balance at any point of time does not exceed rupees fifty thousand.

Provided, that this limit on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements.

Further, small accounts are subject to the following conditions:

- i. The bank shall obtain a self-attested photograph from the customer.
- ii. The designated officer of the bank certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence
Provided that where the individual is a prisoner in a jail, the signature or thumb print shall be affixed in presence of the officer in-charge of the jail and the said officer shall certify the same under his signature and the account shall remain operational on annual submission of certificate of proof of address issued by the officer in-charge of the jail.
- iii. Such accounts are opened only at Core Banking Solution (CBS) linked branches or in a branch where it is possible to manually monitor and ensure that foreign remittances are not credited to the account.
- iv. Bank shall ensure that the stipulated monthly and annual limits on aggregate of transactions and balance requirements in such accounts are not breached, before a transaction is allowed to take place.
- v. The account shall remain operational initially for a period of twelve months which can be extended for a further period of twelve months, provided the account holder applies and furnishes evidence of having applied for any of the OVDs during the first twelve months of the opening of the said account.
- vi. The entire relaxation provisions shall be reviewed after twenty four months.
- vii. Notwithstanding anything contained in clauses (e) and (f) above, the small account shall remain operational between April 1, 2020 and June 30, 2020 and such other periods as may be notified by the Central Government.
- viii. The account shall be monitored and when there is suspicion of money laundering or financing of terrorism activities or other high risk scenarios, the identity of the customer shall be established as per Section 16.
- ix. Foreign remittance shall not be allowed to be credited into the account unless the identity of the customer is fully established as per Section 16.

15. **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.

16. **Customer Due Diligence (CDD) Measures for Sole Proprietary firms**

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

17. In addition to the above, any two of the following documents as a proof of business/ activity in the name of the **proprietary firm** shall also be obtained :

- A. Registration certificate
- B. Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
- C. Sales and income tax returns.
- D. CST/VAT/ GST certificate (provisional/final).
- E. Certificate/registration document issued by Sales Tax/Service Tax/ Professional Tax authorities.
- F. IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT/Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
- G. 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.
- H. Utility bills such as electricity, water, and landline telephone bills.

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

Provided bank 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.

19. **CDD Measures for Legal Entities**

- A. For opening an **account of a company**, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained :
 - i. Certificate of incorporation
 - ii. Memorandum and Articles of Association
 - iii. Permanent Account Number of the company

- iv. A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf
 - v. Documents, as specified in Section 16, relating to beneficial owner, the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf
- B. For opening an **account of a partnership firm**, the certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:
- i. Registration certificate
 - ii. Partnership deed
 - iii. Permanent Account Number of the partnership firm
 - iv. 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
- C. For opening an **account of a trust**, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained :
- i. Registration certificate
 - ii. Trust deed
 - iii. Permanent Account Number or Form No.60 of the trust
 - iv. 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
- D. 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 :
- i. Resolution of the managing body of such association or body of individuals
 - ii. Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals
 - iii. Power of attorney granted to transact on its behalf
 - iv. relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and Documents, as specified in Section 16,
 - v. 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.

- E. For opening **accounts of juridical persons** not specifically covered in the earlier part, such as societies, universities and local bodies like village panchayats, certified copies of the following documents or the equivalent e-documents there of shall be obtained:
- i. Document showing name of the person authorised to act on behalf of the entity;
 - ii. Documents, as specified in Section 16, of the person holding an attorney to transact on its behalf and
 - iii. Such documents as may be required by the bank to establish the legal existence of such an entity/juridical person.

20. Identification of Beneficial Owner

- A. 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:
- i. 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.
 - ii. 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.

21. On-going Due Diligence

Bank 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.

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

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

- A. A system of periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.
- B. The transactions in accounts of marketing firms, especially accounts of 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.

23. Periodic Updation

Periodic updation shall be carried out at least once in every two years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers as per the following procedure:

- A. Bank shall carry out
 - i. CDD, as specified in Section 16, at the time of periodic updation. However, in case of low risk customers when there is no change in status with respect to their identities and addresses, a self-certification to that effect shall be obtained.
 - ii. In case of Legal entities, bank shall review the documents sought at the time of opening of account and obtain fresh certified copies.

Provided, bank shall ensure that KYC documents, as per extant requirements of the Master Direction, are available with them.

- B. Bank may not insist on the physical presence of the customer for the purpose of furnishing OVD or furnishing consent for Aadhaar authentication/Offline Verification unless there are sufficient reasons that physical presence of the account holder/holders is required to establish their bona-fides. Normally, OVD/Consent forwarded by the customer through mail/post, etc., shall be acceptable.
- C. Bank shall ensure to provide acknowledgment with date of having performed KYC updation.
- D. The time limits prescribed above would apply from the date of opening of the account/ last verification of KYC.

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.

24. Enhanced and Simplified Due Diligence Procedure

A. Enhanced Due Diligence

- i. **Accounts of non-face-to-face customers** (other than Aadhaar OTP based onboarding): Bank shall ensure that the first payment is to be effected through the customer's KYC-complied account with another bank, for enhanced due diligence of non-face-to-face customers.
- ii. **Accounts of Politically Exposed Persons (PEPs)**
 - a) bank shall have the option of establishing a relationship with PEPs provided that:
 - (i) sufficient information including information about the sources of funds accounts of family members and close relatives is gathered on the PEP;
 - (ii) the identity of the person shall have been verified before accepting the PEP as a customer;
 - (iii) the decision to open an account for a PEP is taken at a senior level in accordance with the bank' Customer Acceptance Policy;
 - (iv) all such accounts are subjected to enhanced monitoring on an on-going basis;

(v) 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;

(vi) 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 a PEP is the beneficial owner

iii. Client accounts opened by professional intermediaries:

Bank 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) bank 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) bank 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) bank 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.

B. Simplified Due Diligence

i. Norms for Self Help Groups (SHGs) Simplified

a) CDD of all the members of SHG as per the CDD procedure mentioned in Section 15 of the MD shall not be required while opening the savings bank account of the SHG

b) CDD as per the CDD procedure mentioned in Section 15 of the MD of all the office bearers shall suffice.

c) No separate CDD as per the CDD procedure mentioned in Section 15 of the MD of the members or office bearers shall be necessary at the time of credit linking of SHGs.

ii. **Opening accounts of foreign students**

Banks shall not open a Non Resident Ordinary (NRO) bank account of a foreign student.

iii. **Simplified KYC norms for Foreign Portfolio Investors (FPIs)**

Bank shall not open Foreign Portfolio Investors (FPIs) accounts.

25. Record Management

- A. 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,
- i. 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;
 - ii. 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;
 - iii. make available the identification records and transaction data to the competent authorities upon request;
 - iv. 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);
 - v. maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:
 - a) the nature of the transactions;
 - b) the amount of the transaction and the currency in which it was denominated;
 - c) the date on which the transaction was conducted; and
 - d) the parties to the transaction.
 - vi. 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;
 - vii. 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.

26. Reporting Requirements to Financial Intelligence Unit - India

- A. 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.

i. Procedure and manner of furnishing information.

- a) Bank shall communicate to the Director the name, designation and address of the Designated Director and the Principal Officer.
- b) The Principal Officer shall furnish the information referred to in clauses (A), (B), (BA), (C), (D), (E) and (F) of sub-rule (1) of rule 3 to the Director on the basis of information available with the reporting entity. A copy of such information shall be retained by the Principal Officer for the purposes of official record.
- c) Bank shall evolve an internal mechanism having regard to any guidelines issued by regulator, for detecting the transactions referred to in clauses (A), (B), (BA), (C), (D), (E) and (F) of sub-rule (1) of rule 3 and for furnishing information about such transactions in such form as may be directed by its Regulator.
- d) It shall be the duty of bank, its designated director, officers and employees to observe the procedure and the manner of furnishing information as specified by Regulatory Authorities.

ii. Furnishing of information to the Director.—

- a) The Principal Officer of the bank shall furnish the information in respect of transactions referred to in clauses (A), (B), (BA), (C) and (E) of sub-rule (1) of rule 3 every month to the Director by the 15th day of the succeeding month.
- b) The Principal Officer of the bank shall furnish the information promptly in writing or by fax or by electronic mail to the Director in respect of transactions referred to in clause (D) of sub-rule (1) of rule 3 not later than seven working days on being satisfied that the transaction is suspicious.

- c) The Principal Officer of the bank shall furnish, the information in respect of transactions referred to in clause (F) of sub-rule (1) of rule 3, every quarter to the Director by the 15th day of the month succeeding the quarter.
- d) For the purpose of this rule, delay of each day in not reporting a transaction or delay of each day in rectifying a mis-reported transaction beyond the time limit as specified in this rule shall constitute a separate violation.

iii. Overview of Reporting under PMLA

- a) All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;
- b) All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;
- c) All transactions involving receipts by non-profit organisations of value more than rupees ten lakh, or its equivalent in foreign currency.
- d) All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions.
- e) All suspicious transactions whether or not made in cash.
- f) All cross border wire transfers of the value of more than five lakh rupees or its equivalent in foreign currency where either the origin or destination of fund is in India.
- g) All purchase and sale by any person of immovable property valued at fifty lakh rupees or more that is registered by the reporting entity, as the case may be.
- h) The bank is required to furnish to FIU-IND following information under Prevention of Money Laundering Act, 2002 and the Rules there under.

iv. Cash Transaction Reports

The Prevention of Money-laundering Act, 2002, and rule there under require every reporting entity to furnish to FIU-IND information relating to -

- a) All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;

All series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency.

v. Counterfeit Currency Reports

The Prevention of Money-laundering Act, 2002, and rule thereunder require every banking company, financial institution and intermediary, to furnish to FIU-IND information relating to all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions.

vi. Cross Border Wire Transfer Reports

Bank is required to furnish to Director, FIU-IND the report of all cross border wire transfers of the value of more than five lakh rupees or its equivalent in foreign currency where either the origin or destination of fund is in India.

vii. Report on sale/purchase of immovable property

Bank is required to furnish to Director, FIU-IND the report on all purchase and sale by any person of immovable property valued at fifty lakh rupees or more that is registered by the reporting entity as the case may be.

viii. Suspicious Transaction Reports

Bank shall furnish to FIU-IND information of all suspicious transactions whether or not made in cash.

Suspicious transaction means a transaction referred to in clause (h) of the rules, 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 have no economic rationale or bonafide purpose; or
- d) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism;
- e) Locker Operations

Accounts linked to the lockers wherein frequent operations are observed shall be analysed as sometimes instances are noticed like, cash is withdrawn and immediately the lockers is operated or locker is operated followed by deposit in cash. These activities aroused suspicious and hence be reported.

x. Identity of client

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

x. Background of client

- a) Suspicious background or links with known criminals

xi. Multiple accounts

- a) Large number of accounts having a common account holder, introducer or authorized signatory with no rationale
- b) Unexplained transfers between multiple accounts with no rationale

xii. Activity in accounts

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

xiii. Nature of transactions

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

xiv. Value of transactions

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

Broad categories of reason for suspicion and examples of suspicious transactions for an intermediary are indicated as under :

Reports & their periodicity

Due Dates for filing Reports

Report	Description	Due Date
CTR	All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency.	15th day of the succeeding month
	All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month	
CCR	All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions	
NTR	All transactions involving receipts by non profit organizations of value more than Rs. Ten lakhs or, its equivalent in foreign currency	
CBWTR	All cross border wire transfers of the value of more than five lakh rupees or its equivalent in foreign currency where either the origin or destination of fund is in India.	
IPR	All purchase and sale by any person of immovable property valued at fifty lakh rupees or more that is registered by the reporting entity, as the case may be.	15th day of the month succeeding the quarter.
STR	All suspicious transactions whether or not made in cash	Not later than seven working days on being satisfied that the transaction is suspicious.

- D. 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.
- E. Alerts for identification of suspicious transactions. (Annexure – II)

Requirements/obligations under international Agreements

27. Commutations from international Agencies

- A. Bank shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967, 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:
- i. The “**ISIL (Da’esh) & Al-Qaida Sanctions List**”, which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/al-qaida-r.xsl>
 - ii. The “**1988 Sanctions List**”, consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the Taliban which is available at <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/taliban-r.xsl>.

28. 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 August 27, 2009.

29. 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.

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

The procedure laid down in the UAPA Order dated August 27, 2009 (Annex I of this Master Direction shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured.

31. 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 bank 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.

Other Instructions

32. 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.

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

- A. Bank 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, bank shall take the following steps:

- i. bank 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 bank.

34. Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

- A. Under FATCA and CRS, bank shall adhere to the provisions of Income Tax Rules 114F, 114G and 114H and determine whether they are a Reporting Financial Institution as defined in Income Tax Rule 114F and if so, shall take following steps for complying with the reporting requirements :

- i. Register on the related e-filing portal of Income Tax Department as Reporting Financial Institutions at the link <https://incometaxindiaefiling.gov.in/> post login --> My Account --> Register as Reporting Financial Institution,
- ii. Submit online reports by using the digital signature of the ‘Designated Director’ by either uploading the Form 61B or ‘NIL’ report, for which, the schema prepared by Central Board of Direct Taxes (CBDT) shall be referred to.

Explanation: bank shall refer to the spot reference rates published by Foreign Exchange Dealers’ Association of India (FEDAI) on their website at <http://www.fedai.org.in/RevaluationRates.aspx> for carrying out the due diligence procedure for the purposes of identifying reportable accounts in terms of Rule 114H.

- iii. Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H.

- iv. Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules.
- v. Constitute a “High Level Monitoring Committee” under the Designated Director or any other equivalent functionary to ensure compliance.
- vi. Ensure compliance with updated instructions/ rules/ guidance notes/ Press releases/ issued on the subject by Central Board of Direct Taxes (CBDT) from time to time and available on the web site <http://www.incometaxindia.gov.in/Pages/default.aspx>. Banks may take note of the following:
 - a) updated Guidance Note on FATCA and CRS
 - b) a press release on ‘Closure of Financial Accounts’ under Rule 114H (8).

35. 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.

36. Operation 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.

37. Collection 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.

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

B. The bank 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.

39. Introduction of New Technologies – Credit Cards/Debit Cards/ Smart Cards/Gift Cards/Mobile Wallet/Net Banking/Mobile Banking/RTGS/NEFT/ ECS/ IMPS etc.

Adequate attention shall be paid by bank to any money-laundering and financing of terrorism threats that may arise from new or developing technologies and it shall be ensured that appropriate KYC procedures issued from time to time are duly applied before introducing new products/services/technologies. Agents used for marketing of credit cards shall also be subjected to due diligence and KYC measures.

40. Correspondent Banks

Banks shall have a policy approved by their Boards, or by a committee headed by the Chairman/CEO/MD to lay down parameters for approving correspondent banking relationships subject to the following conditions:

- A. Sufficient information in relation to the nature of business of the bank including information on management, major business activities, level of AML/CFT compliance, purpose of opening the account, identity of any third party entities that will use the correspondent banking services, and regulatory/supervisory framework in the bank's home country shall be gathered.
- B. Post facto approval of the Board at its next meeting shall be obtained for the proposals approved by the Committee.
- C. The responsibilities of each bank with whom correspondent banking relationship is established shall be clearly documented.
- D. In the case of payable-through-accounts, the correspondent bank shall be satisfied that the respondent bank has verified the identity of the customers having direct access to the accounts and is undertaking on-going 'due diligence' on them.
- E. The correspondent bank shall ensure that the respondent bank is able to provide the relevant customer identification data immediately on request.
- F. Correspondent relationship shall not be entered into with a shell bank.
- G. It shall be ensured that the correspondent banks do not permit their accounts to be used by shell banks.
- H. Banks shall be cautious with correspondent banks located in jurisdictions which have strategic deficiencies or have not made sufficient progress in implementation of FATF Recommendations.
- I. Banks shall ensure that respondent banks have KYC/AML policies and procedures in place and apply enhanced 'due diligence' procedures for transactions carried out through the correspondent accounts.

41. Wire Transfer

- A. The wire transfers is an expeditious method of transferring the bank accounts. Wire transfers include transactions occurring within the national foundries of a country or from one country to another. Wire transfers do not involve actual movement of money. They are considered rapid as secured method for transferring value from one location to another.

The branches of the Janata Co-operative Bank Ltd. may undertake domestic wire transfers only subject to the following conditions :

- i. All cross-border wire transfers including transactions using credit or debit card shall be accompanied by accurate and meaningful originator information such as name, address and account number or a unique reference number, as prevalent in the country concerned in the absence of account.
Exception: Interbank transfers and settlements where both the originator and beneficiary are banks or financial institutions shall be exempt from the above requirements.
- ii. Domestic wire transfers of rupees fifty thousand and above shall be accompanied by originator information such as name, address and account number.
- iii. Customer Identification shall be made if a customer is intentionally structuring wire transfer below rupees fifty thousand to avoid reporting or monitoring. In case of non-cooperation from the customer, efforts shall be made to establish his identity and STR shall be made to FIU-IND.
- iv. Complete originator information relating to qualifying wire transfers shall be preserved at least for a period of five years by the ordering bank.
- v. A bank processing as an intermediary element of a chain of wire transfers shall ensure that all originator information accompanying a wire transfer is retained with the transfer.
- vi. The receiving intermediary bank shall transfer full originator information accompanying a cross-border wire transfer and preserve the same for at least five years if the same cannot be sent with a related domestic wire transfer, due to technical limitations.
- vii. All the information on the originator of wire transfers shall be immediately made available to appropriate law enforcement and/or prosecutorial authorities on receiving such requests.
- ix. Effective risk-based procedures to identify wire transfers lacking complete originator information shall be in place at a beneficiary bank.
- x. Beneficiary bank shall report transaction lacking complete originator information to FIU-IND as a suspicious transaction.
- xi. The beneficiary bank shall seek detailed information of the fund remitter with the ordering bank and if the ordering bank fails to furnish information on the remitter, the beneficiary shall consider restricting or terminating its business relationship with the ordering bank.

42. 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.

43. Quoting of PAN

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

44. Selling Third party products

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

45. At-par cheque facility

- A. Bank have arrangements with HDFC bank Ltd. under use the cheque book facility to issue 'at par' cheques to its constituents and walk-in- customers for effecting their remittances and payments. Since the 'at par' cheque facility offered by HDFC Bank Ltd. is in the nature of correspondent banking arrangement, branch should monitor and review such arrangements to assess the risks including credit risk and reputational risk arising therefrom. For this purpose, branch should retain the right to verify the records maintained of client branch for compliance with the extant instructions on KYC and AML under such arrangements.

In this regard, branches are advised to utilize the 'at par' cheque facility only for the following purposes:

- i. For their own use.
- ii. For their account holders who are KYC complaint provided that all transactions of Rs.50,000/- or more should be strictly by debit to the customer's account.
- iii. For walk-in customers against cash for less than Rs.50,000/- per individual.

- B. In order to utilise the ‘at par’ cheque facility in the above manner, branches should maintain the following:
- i. 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.
 - ii. Sufficient balances/drawing arrangements with the commercial bank extending such facility for purpose of honouring such instruments.

Branches should also ensure that all ‘at par’ cheques issued by them are crossed ‘account payee’ irrespective of the amount involved.

46. Hiring of Employees and Employee training

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

47. Penalty for non compliance

- A. Section 13 of the Prevention of Money Laundering Act, 2002 confers following powers on the Director, FIU-IND to ensure compliance.
 - i. The Director may, either of his own motion or on an application made by any authority, officer or person, make such inquiry or cause such inquiry to be made, as he thinks fit to be necessary, with regard to the obligations of the reporting entity, under this Chapter.
 - ii. If at any stage of inquiry or any other proceedings before him, the Director having regard to the nature and complexity of the case, is of the opinion that it is necessary to do so, he may direct the concerned reporting entity to get its records, as may be specified, audited by an accountant from amongst a panel of accountants, maintained by the Central Government for this purpose.
 - iii. The expenses of, and incidental to, any audit under sub-section (1A) shall be borne by the Central Government.
 - iv. If the Director, in the course of any inquiry, finds that a reporting entity or its designated director on the Board or any of its employees has failed to comply with the obligations under this Chapter, then, without prejudice to any other action that may be taken under any other provisions of this Act, he may-

- a) issue a warning in writing; or
 - b) direct such reporting entity or its designated director on the Board or any of its employees, to comply with specific instructions; or
 - c) direct such reporting entity or its designated director on the Board or any of its employees, to send reports at such interval as may be prescribed on the measures it is taking; or
 - d) by an order, impose a monetary penalty on such reporting entity or its designated director on the Board or any of its employees, which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure.
- v. The Director shall forward a copy of the order passed under sub-section (2) to every Banking Company, Financial Institution or Intermediary or person who is a party to proceeding under that sub-section.

48. General Guidelines

A. Confidentiality of customer information:

Branches are advised that Information collected from customers for the purpose of opening of account is to be treated as confidential and details thereof should not be divulged for the purpose of cross selling, etc. Information sought from the customer should be relevant to the perceived risk and be non-intrusive. Any other information that is sought from the customer should be called for separately only after the account has been opened, with his/her express consent and in a different form, distinctly separate from the application form. It should be indicated clearly to the customer that providing such information is optional.

B. Adherence to Know Your Customer (KYC) guidelines.

i. Avoiding hardship to customers:

Branches should keep in mind the spirit of the instructions issued by the Reserve Bank/Head Office so as to avoid undue hardships to individuals who are otherwise classified as low risk customers.

ii. Designated Director:

The Managing Director/Chief Executive Officer of the Janata Co-operative Bank Ltd. is nominated as “designated Director”, as required under provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (Rules), to ensure compliance with the obligations under the Act and Rules. The name, designation and address of the Designated Director may be communicated to the FIU-IND.

iii. Principal Officer:

The Senior Manager at Head Office of the bank is designated as Principal Officer (PO). The PO should be independent and report directly to the senior management or to the Board of Directors. The PO shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations. The name, designation and address of the Principal Officer may be communicated to the FIU-IND.

a) Appointment of Principal Officer

The Manager at the Head Office in the absence of the Senior Manager at Head Office will act as Principal Officer and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. He/she will maintain close liaison with the enforcement agencies, banks and any other institution, which are involved in the fight against money laundering and combating financing of terrorism.

Duties of the Principal Officer will be as follows :-

- (i) Over all monitoring of the implementation of Banks KYC/AML/CFT policy.
- (ii) Monitoring and reporting of transaction and sharing of information as required under the law.
- (iii) Interaction with Branch Manager for ensuring full compliance with the policy.
- (iv) Timely submission of Cash Transaction Reports (CTRs). Suspicious Transaction Reports (STRs). Counterfeit Currency Reports (CCRs) and other related reports/returns to FIU-IND.
- (v) Maintaining liaison with the law enforcing agencies, in fight against money laundering and combating financing of terrorism.
- (vi) Ensuring submission of periodical report to top management/Board.
- (vii) Prompt reporting of information regarding suspicious transactions to the law enforcing authority concerned in consultation with Principal Office in Head Office

b) Duties Responsibilities and accountability

The chain of duties and responsibilities at branches/controlling offices and accountability are as under and non-compliance of the duties and responsibilities arising out of KYC guidelines will lead to fixation of accountability. Dereliction of duty and avoidance of knowledge will lead to examination of staff accountability.

Officer in Charge of accounts/ Officer vested with the authority to open new accounts;

To interview the potential customer

- (i) To verify the introductory reference/ customer profile
- (ii) To arrive at threshold limits for each account (new as well as existing) and to exercise due diligence in identifying suspicious transactions.
- (iii) To ensure against opening of accounts in the names of terrorist/banned organizations

- (iv) To adhere to the provisions of Foreign Contribution Regulatory Act. 1976
- (v) To comply with the guidelines issued by the bank from time in respect of opening and conduct of account.

C. Concurrent Auditor

To verify and record his comments on the effectiveness of measures taken by branches/ level of implementation of KYC guidelines.

49. Modifications/Additions in Policy.

Any modification/addition in the KYC Policy will be taken up and review to effect and incorporate changes, arising as result of changes in monetary fiscal & regulatory policy of the Government of India, Reserve Bank of India & Registrar of Co-operative Societies from time to time.

50. Conclusion.

This policy will be taken up for review as and when there are major changes in the environment arising out of changes in the KYC policy of Reserve Bank of India, fiscal policy of Government of India. However, in the absence of any such changes in the economic and banking scenario, this policy will continue to be in force. The changes made by the RBI and Government of India must be complied with and the Policy should be revised/rectified and amended accordingly. This policy has been framed and shall be valid till it is revised.