



**NEDFi's Policy on
Know Your Customer (KYC) Norms
&
Anti Money Laundering(AML) Measures**

Doc. No: NEDFi/Policy/----
Date: -----
Revision No: -----
Date: -----

NEDFi

POLICY

ON

KNOW YOUR CUSTOMER (KYC) NORMS

&


ANTI -MONEY LAUNDERING (AML) MEASURES

Prepared by:

Approved by:

Issued by:

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Glossary

AML	Anti-Money Laundering
CAP	Customer Acceptance Policy
CDD	Customer Due Diligence
CFT	Combating Financing of Terrorism
CIP	Customer Identification Procedures
FATF	Financial Action Task Force
KYC	Know Your Customer
NOC	No Objection Certificate
PEP	Politically Exposed Person
PML	Act Prevention of Money Laundering Act
POA	Power of Attorney
RBI	Reserve Bank of India

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1. Introduction

- 1.1. RBI has advised all the Financial Institution to follow certain customer identification procedure for monitoring the transaction of the suspicious nature for the purpose of reporting it to the appropriate authority. The recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT) standards have become the international benchmark for framing Anti Money Laundering and combating financing of terrorism policies by the regulatory authorities. Compliance with these standards both by the banks/financial institutions, including HFCs, has become necessary for international financial relationships.
- 1.2. RBI has issued the guidelines under Section 45K and 45L of the RBI Act, 1934 and Rule 7 of Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 and any contravention thereof or non-compliance may attract penalties under Banking Regulation Act. The guidelines also incorporate aspects covered in the Basel Committee document on customer due diligence which is a reflection of the International Financial Community's resolve to assist law enforcement authorities in combating financial crimes.
- 1.3. This policy document is prepared taking into account the guidelines enumerated in the Master Circular dated July 2, 2012 issued by RBI on Know Your Customer (KYC, Anti Money Laundering Act, 2002, and other obligation of NBFC in terms of rules notified there under..

2. Objectives of the Policy

- 2.1. To lay down policy framework for abiding by the Know Your Customer Norms and Anti Money Laundering Measure as set out by Reserve Bank of India, based on the recommendations of the Financial Action Task Force (FATF) and the paper issued on Customer Due Diligence (CDD) for banks issued by the Basel Committee on Banking Supervision.
- 2.2. The objective of KYC/AML/CFT Policy is to prevent NEDFi being used intentionally or unintentionally, by criminal elements for money laundering activities.
- 2.3. To enable the NEDFi to know / understand its customers and their financial dealings better, which in turn would help it to manage its risks prudently.

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- 2.4. To lay down explicit criteria for acceptance of customers.
- 2.5. To establish procedures to verify the bona-fide identification of individuals/ non individuals customers.
- 2.6. To establish processes and procedures to monitor high value cash transactions and /or transactions of suspicious nature.
- 2.7. To develop measures for conducting due diligence in respect of customers and reporting of such transactions.
- 2.8. To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws / laid down procedures and regulatory guidelines.
- 2.9. To comply with applicable law and regulatory guidelines
- 2.10. To take necessary steps to ensure that the relevant staff are adequately informed and trained in KYC/AML procedures.
- 2.11. To manage the risk associated with dealing with customers who are potentially in contravention of KYC and AML norms.

3. Scope of the Policy


- 3.1. This policy is applicable across all branches / business segments of NEDFi and is to be read in conjunction with related operational guidelines issued from time to time.
- 3.2. The contents of the policy shall always be read in tandem/auto-corrected with the changes/modifications which may be advised by RBI and / or by any regulators and / or by NEDFi from time to time.

4. Key elements of KYC Policy

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

- i) Customer Acceptance Policy;
- ii) Customer Identification Procedures;
- iii) Monitoring of Transactions; and
- iv) Risk Management

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NEDFi's KYC policy in regard to the four key elements in respect of the customers is given below :


5. Customer Acceptance Policy (CAP)

- 5.1. NEDFi's Customer Acceptance Policy, which lays down explicit criteria for acceptance of customers, ensures the following aspects of the customer relationship:
- 5.2. NEDFi's customers/clients are mainly (i) borrowers to whom NEDFi provides financial assistance/ loans. These are generally individual persons, proprietorship firms, partnership firms, NGOs, trusts, corporate bodies; (ii) Investors are those customers from whom NEDFi raises its resources.
- 5.3. NEDFi shall not deal with anonymous or fictitious benami name(s) person having connections with terrorist's organization(s).
- 5.4. It shall be ensured that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorist or terrorist organizations.
- 5.5. It would be necessary on the part of customer to furnish data/documents as prescribed in this policy. In case of non submission of information or non-submission of documents as required, NEDFi may even refuse to consider the loan application.
- 5.6. Customers shall be accepted after verifying their identity as laid down in customer identification procedures. Documentation requirements and other information shall be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of PML Act, 2002 and instructions/guidelines issued by RBI/NEDFi from time to time. Indicative documentation required to be submitted by the customer at the time of submission of loan application.
- 5.7. The documentation requirements to be obtained from the customers would be reviewed by Dealing Officer from time to time based on emerging business needs and guidelines issued by RBI.

6. Customer Identification Procedure (CIP)

- 6.1. Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information. (Annexure III)

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- 6.2. NEDFi shall obtain sufficient information necessary to verify the identity of each new customer, whether regular or occasional and the purpose of the intended nature of business (financing) relationship.
- 6.3. Customer Identification Procedure to be carried out at different stages: while carrying out a financial transaction (or), when there is a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.
- 6.4. For customers that are natural persons, it would be necessary to verify the identity of the customer, his address/location and also his recent photograph, documents for verifying signature. In case no document is available for verification of the signature, Branch Head/Dealing Officer shall obtain the signature in his / her front. Alternately, identity documents can be substituted by satisfactory personal introduction except obtaining of photograph.
- 6.5. For customers that are legal persons or entities, it would be necessary to (i) verify the legal status through proper and relevant documents (ii) verify that any person purporting to act on behalf of the legal person/ entity is so authorized and identify and verify the identity of that person (iii) understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person (iv) to verify passport/voter identity card, PAN card and (iv) DIN (Direct Identification Number) wherever applicable and a copy shall be obtained. Indicative list of documents for customer identification is given in **Annexure-II**
- 6.6. NEDFi shall periodically update customer identification data (including photographs) after the transaction is completed.

7. Monitoring of Transactions

- 7.1. Monitoring of transactions will be conducting taking into consideration the risk profile of the account. NEDFi shall make endeavors to understand the normal and reasonable activity of the customer so that the transactions that fall outside the regular/pattern of activity can be identified.
- 7.2. The collection of data on the borrower side would be the primary responsibility of PFD/MSE/MF Departments and the required data as per formats prescribed in this policy shall be collected, irrespective whether NEDFi is the lead institution or there are other co-financing institutions.
- 7.3. To ensure monitoring of NEDFi's KYC Guidelines, the borrowers may be requested to resubmit their forms **annually** or in case there is any change in the structure of entity within **15 days** of such change.

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- 7.4. The collection of data of the investor side would be the responsibility of Dealing Officer of the Corporation.
- 7.5. To ensure monitoring and reporting of all transactions and sharing of information as required under the law for KYC, any officer of the NEDFi duly authorized is designated as Principal Officer for KYC.
- 7.6. NEDFi shall ensure that a record of transaction in the accounts is preserved and maintained as required in terms of section 12 of the PML Act, 2002.

8. Risk Management

- 8.1. NEDFi may expose to the following risks which arise out of Money Laundering activities and non-adherence of KYC standards.

Reputation Risk: Risk of loss due to severe impact in NEDFi's reputation which requires the confidence of customers, investors, and the general market place.


Compliance Risk: Risk of loss due to failure of compliance with key regulators governing the Bank's operations.

Operational Risk: Risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Legal Risk: Risk of loss due to any legal action NEDFi or its staff may face due to failure to comply with the law.

- 8.2. NEDFi shall ensure that adequate measures are taken to cover proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility should be explicitly allocated for ensuring that NEDFi's policies and procedures are implemented effectively.
- 8.3. NEDFi if required may categorize the customers according to the risk perceived to facilitate undertaking due diligence for the purpose of risk categorization. (Annexure 1)
- 8.4. For the purpose of effective implementation of KYC policy and AML Standards, the Principal Officer shall monitor transactions in Borrower Loan Account on need basis with IT support to meet the requirements of KYC policy and AML standards.

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- 8.5. All transactions of suspicious nature shall be reported to Principal Officer as an when the transactions are found to be suspicious by the branches. The Principal Officer shall ensure that such reporting system is in place and shall monitor receipt of the reports.
- 8.6. NEDFi's internal audit and compliance functions have an important role in evaluating and ensuring adherence to the KYC policies and procedures. Internal Auditors shall check and verify the application of KYC procedures at the branches / H.O. and comment on the lapses observed in this regard.
- 8.7. The Principal Officer designated by the Corporation in this regard will have overall responsibility for maintaining oversight and coordinating with various functionaries in the implementation of **KYC/AML/CFT policy**. However, primary responsibility of ensuring implementation of **KYC/AML/CFT Policy** and related guidelines will be vested with the respective Dealing Office.
- 8.8. Suitable checks and balances in this regard will be put in place at the time of introducing new products/procedures as also at the time of review of existing products/ procedures for overall risk and compliance management.
- 8.9. **Asset Liability Management Committee("ALCO")**: Principal officer may submit the periodic report to ALCO if there is a need arises in case of high risk cases and which may require further guidance from Committee so they can assess the risk involved in the case of different customers on the basis of data collected by project department.
- 8.10. NEDFi's Board - through its Audit Committee will directly evaluate and ensure adherence to the KYC policies and procedures, including legal and regulatory requirements.

9. Obligations under Prevention of Money Laundering (PML) Act 2002

- 9.1. Government of India, Ministry of Finance, Department of Revenue, vide its notification dated July 1, 2005 in the Gazette of India, has notified the Rules under the Prevention of Money Laundering Act (PMLA), 2002. In terms of the said Rules, the provisions of PMLA, 2002 came into effect from July 1, 2005. Section 12 of PML Act 2002 places certain obligations on every banking company, financial institution and intermediary, which include.
 - a) Maintenance of records of transactions
 - b) Information to be preserved

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- c) Maintenance and preservation of record
- d) Reporting to Financial Intelligence Unit – India

9.2. In accordance with Section 12 of PMLA, NEDFi will take appropriate steps to 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.

9.3. Further, the NEDFi must also preserve and maintain all necessary records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, utility bills etc.) during the course of business relationship for at least ten years from the date of cessation of transaction between the NEDFi and the customer, so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

10. Information to be preserved

As per the PML Act, all necessary information in respect of transactions referred to in Rule 3 of PML Act has to be maintained properly, to permit reconstruction of individual transaction, including the following information:

- a) the nature of the transaction;
- b) the amount of transaction
- c) the date on which the transaction was conducted; and
- d) the parties to the transaction


11. Maintenance and Preservation of Record

11.1. NEDFi shall have a system for proper maintenance and preservation of information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities.

11.2. Head Office and Branch Offices would maintain all transaction records for 10 years from the date of transactions between the customers and NEDFi.

11.3. NEDFi will also ensure that records pertaining to the identification of the customer and his / her address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least ten years after the business

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relationship is ended. The identification records and transaction data will be made available to the competent authorities upon request.

12. Reporting to Financial Intelligence Unit-India

- 12.1. In terms of PMLA Rules, NEDFi shall be required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) in respect of transactions referred to in Rule 3 at the following address :


Director, FIU-IND
Financial Intelligence Unit-India
6th Floor, Hotel Samrat
Chanakyapuri
New Delhi – 110 021
Website – <http://fiuindia.gov.in/>

- 12.2. NEDFi will ensure that the provisions of PMLA Rules framed and the Foreign Contribution and Regulation Act, 1976, wherever applicable, are adhered to strictly.
- 12.3. NEDFi shall strictly comply with all formalities including timely submission of all applicable report and returns in the prescribed format with regards to cash & suspicious transaction qualifying under PML Rules directly to FIU-IND through the designated Principal Officer(s) of the company. However, as had been earlier advised, there is no need for submission of NIL report in respect to the above. Further, NEDFi and its employees shall maintain strict confidentiality of the fact of furnishing/reporting details of suspicious transactions.

13. KYC for Existing Customers

- 13.1. While the KYC guidelines will apply to all new customers, the same would be applied to the existing customers on the basis of materiality.
- 13.2. Efforts would be made to collect necessary details from the existing customers..
- 13.3. As required under the Act and rules, information so collected shall be properly retained and preserved for each customer. Profile of customer may be prepared for quick reference as and when required. The information/documents so collected shall be treated as confidential and shall not be divulged for cross selling or for any other purpose.

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14. Appointment of Principal Officer

- 14.1. To ensure monitoring and reporting of all transactions and sharing of information as required under Rule 7 of the Prevention of Money Laundering (Maintenance of Records etc.) 2005.
- 14.2. Principal Officer for KYC will act independently and report directly to the concerned Director/MD/CMD or to the Board of Directors.
- 14.3. Principal Officer shall be located at the head/corporate office of NEDFi.
- 14.4. Principal Officer shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law.
- 14.5. He will maintain close liaison with enforcement agencies, NEDFi and any other institution which are involved in the fight against money laundering and combating financing of terrorism.
- 14.6. Further, the role and responsibilities of the Principal Officer shall include overseeing and ensuring overall compliance with regulatory guidelines on KYC/AML/CFT issued from time to time and obligations under the Prevention of Money Laundering Act, 2002, rules and regulations made there under, as amended from time to time.
- 14.7. The Principal Officer will also be responsible for timely submission of CTR, STR to FIU-IND.
- 14.8. With a view to enabling the Principal Officer to discharge his responsibilities effectively, the Principal Officer and other appropriate staff shall have timely access to customer identification data and other CDD information, transaction records and other relevant information.

15. Customer Education

- 15.1. NEDFi shall take adequate measures to educate the customer on the objectives of the KYC programme, especially at the time of obtaining sensitive or personal information from the customers.
- 15.2. While dealing with customers, Dealing Officers and Staff in NEDFi shall take special care in obtaining required information from the client.

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- 15.3. Summary of the above policy along with relevant forms shall be uploaded in NEDFi's Website to educate the customer of the objectives of the KYC programme.
- 15.4. NEDFi shall also take care to see that implementation of the KYC guidelines in respect of customer acceptance, identification etc. do not result in denial of financial services to genuine customers/general public.


16. Employees Trainings/Hiring of Employees

- 16.1. An ongoing employee training programme shall be in place so that the members of the staff are adequately trained in KYC procedures. Training requirements should have different focuses for frontline staff, compliance staff and staff dealing with new customers.
- 16.2. It is crucial that all those concerned fully understand the rationale behind the KYC policies and implement them consistently and effectively.
- 16.3. Training module encompassing applicable money laundering laws and recent trends in money laundering activity as well as the bank's policies and procedures to combat money laundering shall be provided to all the staff members of NEDFi periodically in phases.
- 16.4. The HRD Department, Corporate Headquarters shall determine the frequency of training and identify personnel to be trained at each branch.
- 16.5. Hiring of Employees: KYC norms/AML standards/CFT measures have been prescribed to ensure that criminals are not allowed to misuse the banking channels. Hence NEDFi shall put adequate screening mechanism in place as an integral part of its recruitment/hiring process of personnel.

17. Policy Updates and Review

- 17.1. Updation or modification to the policy shall be initiated by NEDFi as per business requirements keeping in view the RBI guidelines on KYC/AML or based on feedback / inputs received from branches, PFD/MSE/MF Departments. On recommendation of the Business Head, the same shall be put up for concurrence to the Standing Committee on KYC and AML/Principal Officer.
- 17.2. The modifications / updates to the policy may also be initiated by Principal Officer based on the analysis of transactions monitored in customer accounts / operational risk events. The same shall be put up for approval to the Board.
- 17.3. The policy shall be reviewed as and when considered necessary by the Board.

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ANNEXURE - I Risk Categorization of Customers

Indicative types of customers and their risk categorization are given as under-

a) Low Risk (Level I) Customers:

Individuals and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile may be categorized as low risk. The illustrative examples of low risk customers could be salaried employees whose salary structures are well defined, people belonging to lower economic strata of the society whose accounts show small balances and low turnover, Government Departments and Government owned companies, regulators and statutory bodies and includes:

- a) Individuals (Other than included in High and Medium Risk categories above)
- b) Government departments and Government owned Companies, regulatory and statutory bodies
- c) Non Profit Organisations / Non Government Organisations promoted by United Nations or its agencies
- d) All other categories of accounts / customer not falling under the indicated High and Medium Risk classifications.


In such cases, only the basic requirements of verifying the identity and location of the customer shall be met.

b) Medium Risk (Level II) Customers:

Customers that are likely to pose a higher than average risk may be categorized as medium risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc; such as: a) Persons in business/industry or trading activity where the area of his residence or place of business has a scope or history of unlawful trading/business activity. b) Where the client profile of the person/s opening the account, according to the perception of the branch is uncertain and/or doubtful/dubious and includes:

- a) Non Bank Financial Institution
- b) Stock brokerage
- c) Import/ Export
- d) Gas Station
- e) Car/ Boat/ Plane Dealership
- f) Electronics (wholesale)

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- g) Travel agency
- h) Used car sales
- i) Telemarketers
- j) Providers of telecommunications service, internet café, IDD call service,
- k) phone cards, phone center.
- l) Dot-com company or internet business
- m) Pawnshops
- n) Auctioneers
- o) Cash-intensive Businesses such as restaurants, retail shops, parking
- p) Garages, fast food stores, movie theaters, etc.
- q) Sole Practitioners or Law firms (small, little known)
- r) Notaries (small, little known)
- s) Secretarial (small, little known)
- t) Accountants (small, little known)
- u) Venture capital companies

c) High Risk (Level III) Customers:

The Corporation 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. The examples of customers requiring higher due diligence may include:

- a) Non Resident Customers,
- b) High Net worth individuals,
- c) Trusts, charities, NGOs and organizations receiving donations,
- d) Companies having close family shareholding or beneficial ownership,
- e) Firms with 'sleeping partners',
- f) Politically Exposed Persons (PEPs) of foreign origin,
- g) Non-face to face customers,
- h) Individuals and entities in various United Nations Security council Resolutions (UNSCRs) such as UN 1267 etc,
- i) Individuals or entities listed in the schedule to the order under section 51 A of the Unlawful Activities (Prevention) Act, 1967 relating to the purposes of prevention of and for coping with terrorist activities.
- j) Individuals and entities in watch lists issued by Interpol and other similar international organizations.
- k) Individuals and entities specifically identified by regulators, FIU and other competent authorities as high-risk.
- l) Customers conducting their business relationship or transaction in unusual circumstances, such as significant and unexplained geographic distance between


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- the institution and the location of the customer, frequent and unexplained movement of accounts to different institutions in various geographic locations etc.
- m) Customers based in high risk countries/jurisdictions or locations,
 - n) Customers with dubious reputation as per public information available or commercially available watch lists.
 - o) Complex business ownership structures, which can make it easier to conceal underlying beneficiaries, where there is no legitimate commercial rationale
 - p) Shell companies which have no physical presence in the country in which it is incorporated. The existence simply of a local agent or low level staff does not constitute physical presence.
 - q) Investment Management / Money Management Company/ Personal Investment Company
 - r) Accounts for “gatekeepers” such as accountants, lawyers, or other professionals for their clients where the identity of the underlying client is not disclosed to the financial institution.
 - s) Client Accounts managed by professional service providers such as law firms, accountants, agents, brokers, fund managers, trustees, custodians, etc.
 - t) Money service Business: including seller of: Orders/ Travelers Checks / Money Transmission /Check Cashing / Dealing or Exchange
 - u) Gambling/gaming including “junket Operators” arranging gambling tours
 - v) Dealers in high value or precious goods(e.g. jewel, gem and precious metals dealers, art and antique dealers and auction houses, estate agents and real estate brokers).
 - w) Customers engaged in a business which is associated with higher levels of corruption (e.g. arms manufacturers, dealers and intermediaries)
 - x) Customers engaged in industries that might relate to nuclear proliferation activities or explosives.
 - y) Customers that may appear to be Multi level marketing companies etc.

The persons requiring very high level of monitoring may be categorized as **Level IV**.

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ANNEXURE - II
Customer Identification Procedure (CIP)

List of documents to be obtained from different types of customers

Type of customers	Documents to be obtained (any one)
Individuals For Identification	<ol style="list-style-type: none"> 1. Passport 2. PAN card 3. Voter's identity Card 4. Driving License with photograph 5. Identity card/ letter from employer with photo attested (subject to the satisfaction of branch official authorized to open account) 6. Letter from a recognized public authority verifying the identity (subject to the satisfaction of branch official authorized to open account).
For Address (Post Box Number will not be accepted)	<ol style="list-style-type: none"> 1. Passport 2. Voter's Identity Card 3. Driving License 4. Telephone bill 5. bank account statement 6. letter from any recognized public authority 7. Electricity bill 8. Ration Card 9. Letter from employer, subject to the satisfaction of the branch official authorized to open account). <p>(any one document, which provides identification and address to the satisfaction of the branch, will suffice. Where the current address given by the customer differs from the address given in the document, the branch may establish the address to its satisfaction).</p>
Joint Individuals	As mentioned above for individuals for each of the joint individuals.
Non Resident Indians-Individuals	Copies of Passport and Residence Visa, a valid document indicating foreign residential address and passport size photographs of the applicant. The applicant is to be duly introduced by Banker/ Notary Public/ Indian Embassy/ Local customer who has been subjected to full KYC Procedure.
Proprietary concern	Prescribed Proprietary Declaration Letter and any two of the

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<p>For Identity of the concern,its activities, address.</p>	<p>following:</p> <ol style="list-style-type: none">1. Shop and Establishment Registration Certificate (in case of a registered concern)2. Certificate/ licence issued by Municipal Authorities under Shop & Establishment Act or any other similar documents indicating the activities of the concern.3. Sales and Income Tax Returns4. CST/VAT Certificate5. Certificate/ Registration document issued by Sale tax/ Service Tax/ Professional Tax authorities.6. License issued by Institute of Chartered Accountants of India, Institute of Cost Accountants of India, Institute of Company Secretaries of India, Indian Medical Council, Food and Drug Control Authorities, etc. <ul style="list-style-type: none">• Any of the documents for identity of the proprietor (as given above for individuals) and his addresses, Telephone/Utility Bill in the name of the concern if any.• Recent passport size Photographs of the proprietor.
<p>Hindu Undivided family For Identity of the HUF, its activities, address and authority for opening and operation of its account(s) For identity of the Karta and major co-parceners of the HUF who are authorized to operate the account(s) and their addresses.</p>	<p>Prescribed Joint Hindu Family Letter signed by all the major Co-parceners. Declaration form from the Karta.</p> <ol style="list-style-type: none">1. Any of the documents for identity of each of the Karta and each of the major coparceners (as given above for individuals) and their addresses2. Recent Passport size Photographs of all such persons.
<p>Partnership Firms For Identity of the Firm, its activities, address and authority delegated for opening and operation of its account(s). For identity of the partners who are authorized to operate the accounts(s) and their addresses</p>	<ol style="list-style-type: none">1. Registration Certificate, if registered2. Partnership Declaration3. Telephone/ Utility Bill in the name of the firm <ul style="list-style-type: none">• Any of the documents for identity of each of the authorized partners (as given above for individuals) and their addresses• Recent passport size Photographs of all the partners.

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<p>Companies/ Corporations For identity of the Company/Corporation,its activities,address and authority delegated for opening and operation of its account(s). For identity of the directors/ officials of the company/ corporation who are authorized to operate the account and their addresses.</p>	<ol style="list-style-type: none"> 1. Certification of Incorporation 2. Memorandum and Articles of Association 3. Current list of directors with their bio-data 4. Telephone/ Utility Bill in the name of the company/corporation 5. Resolution of the Board of Directors or Power of Attorney issued for opening of the account and delegating powers to operate the account(s) of the company/corporation <ul style="list-style-type: none"> • Any of the documents for identity of each the directors/ authorized officials (as given above for individuals) and their addresses • Recent passport size Photographs of directors/authorized officials.
<p>Trusts For Identity of the Trust, its activities, address and authority delegated for opening and operation of its account(s). For identity of the trustees who are authorized to operated the accounts of the Trust and their addresses.</p>	<ol style="list-style-type: none"> 1. Certificate of Registration, 2. Trust Deed/ Settlers Declaration 3. Telephone/Utility Bill in the name of the Trust 4. List of Trustees and their bio-data (v) Resolution of the Managing committee of the Trust for opening of the account and delegating powers to operate the accounts of the Trust. Any of the documents for identity of each settler/ founder/ trustee/ manager/ director/ power of attorney holder/ beneficiary (as given above for individuals) and their addresses Recent passport size Photographs of all such persons.
<p>Societies, Associations NGOs, Clubs, and other organizations For Identity of the organization, its activities, address and authority delegated for opening and operation of its account(s). For identity of the Managing Committee Members who are authorized to operate the accounts of the organization and their addresses.</p>	<ol style="list-style-type: none"> 1. Certificate of Registration, if registered, 2. Bye laws 3. Telephone/Utility Bill in the name of the organization 4. List of Managing Committee Members and their bio-data 5. Resolution of the Managing Committee of the Organization for opening of the account and delegating powers to operate the accounts of the organization. 6. Any of the documents for identity of each the authorized Managing committee Members (as given above for individuals) and their addresses

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	7. Recent passport size Photographs of all such members.
Local Bodies/Government Departments etc. For Identity of the applicant, its activities, address and authority delegated for opening and operation of its account(s).	Notification/Resolution/Letter of Permission for opening and delegation of authority to operate the account

Officially valid document' is defined to mean the passport, the driving license, the permanent account number card, the Voter's Identity Card issued by the Election Commission of India or any other document as may be required by the NEDFI .

The requirement of documents for both the type of Customer (individual, Corporate etc) would be different.

- a. For customers who are natural persons the document / data should be collected to verify the identity of the customers, his address, location and recent photograph.
- b. For the customers that are legal persons as entities
 - i) Verify the legal status of the legal person/entity through proper and relevant document.
 - ii) Check the authorization to operate or purport on behalf of the legal person/entity and verify the identity.
 - iii) The ownership and control structure of the customer should be understood in such a way that determination of natural person who controls the legal person is made.

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ANNEXURE - III

Customer Identification Requirement – Indicative Guidelines

a) Trusts/Nominees or Fiduciary Accounts

There exists the possibility that trust/nominee or fiduciary accounts can be used to circumvent the customer identification procedures. It shall be determined whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so, receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting shall be insisted, as also shall obtain details of the nature of the trust or other arrangements in place. Due diligence in such cases shall be enhanced NEDFi shall take reasonable precautions to verify the identity of the trusts and the settlers of the trust (including any person settling assets into the trust), grantors, protectors, beneficiaries and signatories. Beneficiaries shall be identified when they are defined. In the case of ‘foundation’, steps shall be taken to verify the founder managers/directors and the beneficiaries, if defined.

b) Transactions with companies and firms :

NEDFi shall be vigilant against business entities being used by individuals as a “front” for transactions. NEDFi shall examine control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management. These requirements shall be moderated according to the risk perception i.e. in the cases of public limited company it will not be necessary to identify all the shareholders.


c) Transactions through the professional intermediaries :

NEDFi does not hold “pooled” accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds etc. However, in cases where NEDFi rely on the “Customers Due Diligence” (CDD) done by an intermediary, they shall satisfy themselves that the intermediary is regulated and supervised and has adequate systems in place to comply with the KYC requirement. NEDFi shall take the responsibility for knowing the customer.

c) Transactions with Politically Exposed Persons (PEPs) resident outside India:

Politically exposed persons are individuals who are or have been entrusted with prominent public functions’ in a foreign country i.e. Heads of States or of Government, senior politicians, senior govt./judicial/military officers, senior executives of state owned corporation. It would be necessary to gather sufficient information on any person who is connected with the customer in any capacity and check all the information available on the person in the public domain. Identity of such person may be verified and information about sources of funds may be obtained before accepting PEP as a customer. Similarly the utilization of funds provided by NEDFi may be verified to ensure that funds are

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utilized for the purpose for which it is given. The decision to accept PEP as customer shall be approved by DGM and above. Such customers shall be subject to enhanced monitoring on an ongoing basis. The above norms shall be applicable in the case of family members or close relatives of PEPs.

d) Accounts of non-face to face customers:

In the case of non face to face customers, apart from applying the usual customer identification procedures, certification of all documents presented shall be insisted upon and if necessary, additional documents shall be called for.

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ANNEXURE - IV
Duties/Responsibilities and Accountability

The importance of KYC guidelines to the employees

The **NEDFi** employees will conduct themselves in accordance with the highest ethical standards and in accordance with the extant regulatory requirements and laws. Staff and management shall not provide advice or other assistance to individuals who are indulging in money laundering activities. 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.

<i>Personnel</i>	<i>Duties/Responsibilities</i>
Dealing Officer	<ul style="list-style-type: none"> • To take KYC related document. • To adhere to the provisions of Foreign Contribution Regulatory Act 1976. • To comply with the guidelines issued by NEDFi from time to time in respect of conduct of account.
Principal Officer	<ul style="list-style-type: none"> • To scrutinize and satisfy himself/ herself the information furnished in the account opening form/ customer profile/threshold limit are in strict compliance with KYC guidelines before authorizing opening of account. • To certify in the Statement /Register regarding compliance with KYC guidelines and report suspicious transactions to appropriate authority.
Internal Auditor	To verify and record his comments on the effectiveness of measures taken by branches/level of implementation of KYC guidelines

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ANNEXURE - V
Policy Revision History

Rev. No.	Date of Revision	Section/Clause revised/amended	Remarks
1.			
2.			
3.			
4.			
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