

KNOW YOUR CUSTOMER & ANTI MONEY LAUNDERING MEASURE

Contents

1. Introduction	2
2. KYC Objective	2
3. KYC Applicability	2
4. KYC Documents	3
5. KYC Verification Process	4
6. General	4



1. Introduction

Prevention of Money Laundering Act, enacted by the Parliament in 2002, makes it obligatory for all the financial intermediaries like banks, financial institutions, Non-Banking Financial Companies (NBFCs), Housing Finance Companies (HFCs) etc. to follow 'Know Your Customer' norms, which define the customer identification process. As per the KYC principles, intermediaries have to collect documents known as KYC documents before entering into any transaction with the customers. The KYC process includes making reasonable efforts to determine identity and beneficial ownership of accounts, source of funds, nature of customer's business, reasonableness of operations in the account vis-a-vis customer's business/income profile etc.

2. KYC Objective

The objective of KYC process is to prevent financial intermediaries being used, intentionally or unintentionally by criminal elements for money laundering to fund various illegal activities including global

terrorism. The KYC process has become the utmost need of the hour for all financial intermediaries in wake of fast spreading money-laundering menace across the globe. The KYC requirement is applicable to all categories of customers transacting with any financial intermediary. Compliance with the KYC requirement is mandatory as it is a legal necessity.

3. KYC Applicability

Some of the illustrations where KYC norms will be applicable are as under:

- A. Any customer opening a new account, i.e., loan account
- B. Any existing customer is whose case required KYC documents are not complete in existing account as per the applicable KYC standards
- C. When the financial intermediary feels it is necessary to obtain additional information from existing customers based on conduct of the account
- D. Based on instructions received from the regulatory authority
- E. When there are changes in signatories, mandate holders, beneficial owners, NHB circulars/Directions/instructions etc.

4. KYC Documents

As per KYC norms, apart from photograph, 2 categories of documents are collected - one is as proof of identity and other is as proof of residence. If the address provided by the customer is the same on the document submitted for identity proof, the document may be accepted as a proof of both identity and address. However, if the current address mentioned by the customer is different from the address indicated on the document submitted for proof of identity, a separate proof of address should be obtained.

Depending on the status of the customer, viz. individual, trust, HUF etc., different sets of documents are collected. The particulars declared on application forms should match with those indicated on KYC documents. Given under is the indicative list of the KYC documents required for various category of customers:

Features	List of valid KYC Documents
<p><u>Individuals</u></p> <ul style="list-style-type: none"> • Legal name and any other names used • Address 	<p>(i) Passport (ii) PAN Card (iii) Voter's Identity Card (iv) Driving License (v) Identity Card (subject to the Company's satisfaction) (vi) Aadhaar Card etc. (ii) Utility Bill like telephone, electricity (not older than 3 months) (ii) Bank account statement/Pass Book (iii) Ration Card (iv) Letter from employer (Subject to satisfaction of the Company) (v) Latest Rent/Leave & license agreement etc.</p>
<p><u>Company</u></p> <ul style="list-style-type: none"> • Name of the Company, Principal place of business • Address of the Company • Identity of signatories 	<p>(i) Certificate of incorporation and Memorandum & Articles of Association (ii) Resolution of the Board of Directors to open and account and identification of those who have authority to operate the account (iii) Power of Attorney granted to its managers, officers or employees to transact business on its behalf (iv) PAN Card or copy of PAN allotment letter (v) Any other officially valid document establishing proof of existence and address of the entity to the satisfaction of the Company (vi) Any officially valid document to identify the signatories and their Aadhaar Card (vii) Certificate of Commencement of Business etc.</p>
<p><u>Partnership firms</u></p> <ul style="list-style-type: none"> • Legal name and address • Identity of all partners and their addresses • Identity of signatories 	<p>(i) Registration certificate, if registered (ii) Partnership Deed (iii) Power of Attorney granted to partner or an employee of the firm to transact business on its behalf (iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses (v) Proof of existence & proof of address of the firm (vi) Aadhaar Card of the authorized personal etc.</p>

Features	List of valid KYC Documents
<u>Trust & foundations</u> <ul style="list-style-type: none"> • Identity of trustees, settlers, beneficiaries & signatories • Identity and addresses of the founder, the Managers/Directors and beneficiaries • Identity of signatories 	(i) Certificate of registration, if registered (ii) Trust Deed (iii) Power of Attorney granted to transact business on its behalf (iv) Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/managers/directors and their addresses (v) Resolution of the managing body of the foundation/association (vi) Any officially valid document establishing the proof of existence and proof of address of the entity to the satisfaction of the Company (vii) Aadhaar Card of the authorized personal etc
<u>Family Members (For CLSS Customers)</u> Identity of all the family member of the applicant and co-applicant	Aadhaar Card/Voter Card/PAN Card/Passport/Revenue Authority Certificate

5. KYC Verification Process

The Principal Officer/Manager/Deputy Manager/Branch Manager of PHFCL would carry out the KYC verification process. KYC documents are verified once the concern individual of PHFCL checks the submitted KYC document in comparison to the original hard copy. If the prospective customer knows only his / her Aadhaar number, the PHFCL may print the prospective customer's e-Aadhaar letter in the PHFCL branch/office directly from the UIDAI portal. If the prospective customer carries a copy of the e-Aadhaar downloaded elsewhere, the PHFCL may print the prospective customer's e-Aadhaar letter in the PHFCL branch/office directly from the UIDAI portal.

6. General

- A. In regards to Nominee to be KYC compliant, their KYC is not required while he or she is a nominee. In the event of such nominees stepping into the shoes of the customer by virtue of Operation of Law, the nominee has to complete KYC requirements in force at that time. If the nominee is still a minor in such an event, the Guardian of the minor has to be KYC compliant. A minor does not require being KYC compliant. In such cases, the Guardian has to be KYC compliant. However, on attaining majority, a minor has to inform the Company and has to submit the KYC documents for himself.
- B. Karta has to be KYC compliant on behalf of the HUF.
- C. Change in the KYC document in any information has to be communicated to HFC or its registrar immediately. Customer may contact any of the HFC branches/registrar for further clarifications.
- D. Customers should send their request for change in name supported by a valid document (such as an attested copy of the marriage certificate) evidencing the marriage and change in name to the HFC branch or its registrar.

- E. In the event of any business proposal/application form being found deficient due to lack of required information/insufficiency of mandatory KYC documentation, further transactions may not be permitted. It will render the application as invalid and will not be processed further.
- F. Customers must send their request for change in address supported by the self-attested copy of a valid document evidencing the new address to the HFC or its registrar within reasonable time frame.
- G. As advised in the NHB circular no. NHB(ND)/DRS/Policy Circular No. 76/2016-17 dated November 01, 2016 and also Circular NHB(ND)/DRS/Pol. Circular No. 59/2013-14 dated January 24, 2014 and vide the board resolution of Panthoibi Housing Finance Company Ltd. passed on November 07, 2016 scanned copy of customers' KYC, both existing and new, would be uploaded at the prescribed CKYC portal. PHFCL share capture the KYC information for sharing with the CKYC Record Registry in the manner mentioned in the "Prevention of Money Laundering (Maintenance of Records) Rules, 2005" (and amendment thereto) as required by the revised KYC templates prepared for individuals and non-individuals/legal entities as the case may be.