‘Know Your Customer (KYC),
Anti Money Laundering (AML),
Combating Financing Terrorism (CFT)
&
Maintenance of Deposit Accounts” Policy

The Janata Co-operative Bank Ltd.

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S.No.	Topic Area	Page #
1	Objective	1
2	Scope and applicability	2
3	Definitions	2-9
4	Know Your Customer Policy	9
5	Money Laundering and Terrorist Financing Risk Assessment by Banks	9
6	Designated Directors	9
7	Principal Officer	10-11
8	Customer Acceptance Policy	11-12
9	Risk Management	12-14
10	Customer Identification Procedure (CIP)	14-15
11	Customer Due Diligence (CDD) Procedure	15-17
12	Digital KYC Process	17-18
13	Accounts opened using OTP based e-KYC	19
14	Small Accounts	19-20
15	KYC verification	20
16	Customer Due Diligence (CDD) Measures for Sole Proprietary firms	21
17	CDD Measures for Legal Entities	21-24
18	Identification of Beneficial Owner	25
19	On-going Due Diligence	25
20	Extent of Monitoring	25
21	Updation/Periodic Updation of KYC	26-28
22	Existing Customers	28
23	Monitoring Operations	28-29
24	Enhanced and Simplified Due Diligence Procedure	30
25	Accounts of Politically Exposed Persons (PEPS)	30
26	Client accounts opened by professional intermediaries:	31
27	Record Management	31-32
28	Reporting Requirements to Financial Intelligence Unit - India	32-38
29	Obligations under the Unlawful Activities (Prevention) (UAPA) Act, 1967	38
30	Obligations under Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005)	39
31	UNSCR 1718 Sanctions List of Designated Individuals	39
32	Jurisdictions that do not or insufficiently apply the FATF recommendations	40
33	Secrecy Obligations and Sharing of Information	40

The Janata

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

34	CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)	41-42
35	Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)	42
36	Period for presenting payment instruments	43
37	Operation of Bank Accounts & Money Mules	43
38	Correspondent Banking	43
39	Wire Transfer	44-47
40	Issue and Payment of Demand Drafts, etc.,	47
41	Quoting of PAN	47
42	Selling Third party products	47
43	At-par cheque facility	48
44	Hiring of Employees and Employee training	48
45	Penalty for non compliance	49-50
46	Conclusion	50
	Annexures I- III	51-79

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG, DARYA GANJ NEW DELHI

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'Know Your Customer (KYC), Anti Money Laundering (AML), Combating Financing Terrorism (CFT) & Maintenance of Deposit Accounts" Policy

The 'Know Your Customer (KYC), Anti Money Laundering (AML), Combating Financing Terrorism (CFT) & Maintenance of Deposit Accounts" Policy of the bank in vogue has been reviewed in accordance with the RBI Directives on Know Your Customer (KYC) Master Direction DOR.AML.REC.No.210/14.01.006/2025-26 dated November 28, 2025 recommended by the Inspection and Audit Compliance Sub-Committee and approved by the BoM/Board in its meeting held on 24.09.2026/29.09.2026 vide Resolution No.A.1(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 and terrorist financing. 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. This KYC Policy has been framed to develop a strong mechanism for achieving the following objectives

i. To prevent Bank from being used intentionally or unintentionally, by criminal elements for Money Laundering or Terrorist Financing activities. KYC procedures also enable the Bank to know/understand their customers and their financial dealings better, which in turn helps it to manage the associated risks prudently.

ii. To enable the Bank to comply with all the legal and regulatory obligations in respect of KYC norms/AML standards /CFT measures/Bank's Obligation under PMLA, 2002 and to cooperate with various government bodies dealing with related issues.

iii. The purpose of KYC policy is to put in place customer identification procedures for opening of accounts and monitoring transactions in the accounts for detection of transactions of suspicious nature for the purpose of reporting to Financial Intelligence Unit-India [FIU-IND] in terms of the recommendations made by Financial Action Task Force (FATF) and the paper issued on Customer Due Diligence (CDD) for banks by the Basel Committee on Banking Supervision (BCBS) on AML standards and on CFT measures.

iv. For this Policy, the term 'Money Laundering' would also cover financial transactions where the end-use of funds is for financing terrorism, irrespective of the source of funds.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S.I MARG DARYAGANJ NEW DELHI

2. Scope and applicability

Scope and applicability of KYC Policy of the Bank

All branches of the Bank shall take all necessary steps to implement this KYC policy and provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time, including operational instructions issued in pursuance of such amendment(s). The provisions of KYC Policy guidelines shall apply to all the branches of the Bank.

Bank's policy framework shall seek to ensure compliance with PML Act/Rules, including regulatory instructions in this regard and should provide a bulwark against threats arising from money laundering, terrorist financing, proliferation financing and other related risks. While ensuring compliance of the legal/regulatory requirements as above, it shall also be considered to adopt best international practices taking into account the FATF standards and FATF guidance notes, for managing risks better.

3. 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 (18 of 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 10 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.

THE JANATA CO-OP. BANK LTD. 2, F.F. N.S. MARG DARYAGANJ

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 10 per cent of capital or profits of the partnership or who exercises control through other means.

Explanation - For the purpose of this sub-clause, "control" shall include the right to control the management or policy decision.

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

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

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

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: -

(i) a person who holds the position of senior management or equivalent designated as a 'Designated Director' in respect of the Bank.

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.

The Janata Co-operative Bank Ltd.

THE JANATA CO-OP. BANK LTD. N.S. ROAD DARYAGANJ NEW DELHI

xi. **"Group"** - The term "group" shall have the same meaning assigned to it in clause (e) of sub-section (9) of section 286 of the Income-tax Act,1961 (43 of 1961).

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

xiii. "**Non-profit organisations**" Non-profit organisations" (NPO) means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), 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 (18 of 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).

The Janata Co-op. Bank Ltd.

THE JANATA SAHAKARI BANK LTD. 32 F.F. NAI SARG DARYAGANJ NEW DELHI

xvi. "**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).

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

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 which is opened in terms of sub-rule (5) of rule 9 of the PML Rules, 2005. Details of the operation of a small account and controls to be exercised for such account are specified in Section 23.

"sub-rule (5) of rule 9 of the PML Rules, 2005.

(5) Notwithstanding anything contained in sub-rule (4)25[and as an alternative thereto, an individual who desires to open a small account in a banking company may be allowed to open such an account on production of a self-attested photograph and affixation of signature or thumb print, as the case may be, on the form for opening the account:

Provided that

(i) the Manager/Officer of the branches, while opening the small account, certifies under his signature that the person opening the account has affixed his signature or thumb print, as the case may be, 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.

(ii) a small account shall be opened only at Core Banking Solution linked bank's branches or in a branch where it is possible to manually monitor and ensure that foreign remittances are not credited to a small account and that

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

the stipulated limits on monthly and annual aggregate of transactions and balance in such accounts are not breached, before a transaction is allowed to take place;

(iii) a small account shall remain operational initially for a period of twelve months, and thereafter for a further period of twelve months if the holder of such an account provides evidence before the bank of having applied for any of the officially valid documents within twelve months of the opening of the said account, with the entire relaxation provisions to be reviewed in respect of the said account after twenty four months;

(iv) the small account shall be monitored and when there is suspicion of money laundering or financing of terrorism or other high risk scenarios, the identity of client shall be established as per the provisions of sub-rule (4)

(v) foreign remittance shall not be allowed to be credited into a small account unless the identity of the client is fully established as per the provisions of sub-rule (4):"

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 orother legal obligation; or
f) establishing or creating a legal person or legal arrangement.

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. **Correspondent Banking:** Correspondent banking is the provision of banking services by one bank (the "correspondent bank") to another bank (the "respondent bank"). Respondent banks may be provided with a wide range of services, including cash management (e.g., interest-bearing accounts in a variety of currencies), international wire transfers, cheque clearing, payable-through accounts and foreign exchange services.

iii. "**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.

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

v. **Customer Due Diligence (CDD)"** means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification.

Explanation – The CDD, at the time of commencement of an account-based relationship or while carrying out occasional transaction of an amount equal to or exceeding rupees

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations, shall include:

(i) Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable;

(ii) Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;

(iii) Determining whether a customer is acting on behalf of a beneficial owner, and identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner, using reliable and independent sources of identification

vi. "**Customer Due Diligence (CDD)"** means identifying and verifying the customer and the beneficial owner.

vii. "**Customer identification**" means undertaking the process of CDD.

viii. "**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.

ix. "**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.

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

xi. "**Non-face-to-face customers**" means customers who open accounts without visiting the branch/offices of the bank or meeting the officials of bank.

xii. "**On-going Due Diligence**" means regular monitoring of transactions in accounts to ensure that those are consistent with bank knowledge about the customers, customers' business and risk profile, the source of funds / wealth

xiii. **Payable-through accounts:** The term payable-through accounts refers to correspondent accounts that are used directly by third parties to transact business on their own behalf.

xiv. "**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.

xv." **Politically Exposed Persons**" (PEPs) "Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions by a foreign country, including the Heads of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials."

xvi. "**Bank"** means

The Janata Co-operative Bank Ltd. and its branches/offices

xvii. **Wire transfer" related definitions:**

a) **Batch transfer :** Batch transfer is a transfer comprised of a number of individual wire transfers that are being sent to the same financial institutions but may/may not be ultimately intended for different persons.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

b) **Beneficiary:** Beneficiary refers to a natural or legal person or legal arrangement who / which is identified by the originator as the receiver of the requested wire transfer.

c) **Beneficiary Bank** : It refers to a financial institution, regulated by the RBI, which receives the wire transfer from the ordering financial institution directly or through an intermediary Bank and makes the funds available to the beneficiary.

d) **Cover Payment:** Cover Payment refers to a wire transfer that combines a payment message sent directly by the ordering financial institution to the beneficiary financial institution with the routing of the funding instruction (the cover) from the ordering financial institution to the beneficiary financial institution through one or more intermediary financial institutions.

e) **Cross-border wire transfer:** Cross-border wire transfer refers to any wire transfer where the ordering financial institution and beneficiary financial institution are located in different countries. This term also refers to any chain of wire transfer in which at least one of the financial institutions involved is located in a different country.

f) **Domestic wire transfer:** Domestic wire transfer refers to any wire transfer where the ordering financial institution and beneficiary financial institution are located in India. This term, therefore, refers to any chain of wire transfer that takes place entirely within the borders of India, even though the system used to transfer the payment message may be located in another country.

g) **Financial Institution**: In the context of wire-transfer instructions, the term 'Financial Institution' shall have the same meaning as has been ascribed to it in the FATF Recommendations, as revised from time to time.

h) **Intermediary Bank:** Intermediary Bank refers to a financial institution or any other entity, regulated by the RBI which handles an intermediary element of the wire transfer, in a serial or cover payment chain and that receives and transmits a wire transfer on behalf of the ordering financial institution and the beneficiary financial institution, or another intermediary financial institution.

i) **Ordering Bank:** Ordering Bank refers to the financial institution, regulated by the RBI, which initiates the wire transfer and transfers the funds upon receiving the request for a wire transfer on behalf of the originator.

j) **Originator:** Originator refers to the account holder who allows the wire transfer from that account, or where there is no account, the natural or legal person that places the order with the ordering financial institution to perform the wire transfer.

k) **Serial Payment:** Serial Payment refers to a direct sequential chain of payment where the wire transfer and accompanying payment message travel together from the ordering financial institution to the beneficiary financial institution directly or through one or more intermediary financial institutions (e.g., correspondent banks).

l) **Straight-through Processing**: Straight-through processing refers to payment transactions that are conducted electronically without the need for manual intervention.

m) **Unique transaction reference number**: Unique transaction reference number refers to a combination of letters, numbers or symbols, determined by the payment service provider, in accordance with the protocols of the payment and settlement system or messaging system used for the wire transfer.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

The Janata Co-op. Bank Ltd.

n) **Wire transfer:** Wire transfer refers to any transaction carried out on behalf of an originator through a financial institution by electronic means with a view to making an amount of funds available to a beneficiary at a beneficiary financial institution, irrespective of whether the originator and the beneficiary are the same person.

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.

4. Know Your Customer Policy

i. The KYC policy shall include following four key elements:
   a) Customer Acceptance Policy;
   b) Risk Management;
   c) Customer Identification Procedures (CIP); and
   d) Monitoring of Transactions

5. Money Laundering and Terrorist Financing Risk Assessment by Bank:

i. Bank 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.

ii. 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, Bankshall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with banks from time to time.

iii. 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.

iv. The outcome of the exercise shall be put up to the Audit committee of the Board and should be available to all the branches.

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

6. 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 shall be communicated to the FIU-IND & Reserve Bank of India. In no case, the Principal Officer shall be nominated as the 'Designated Director'.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

The Janata Co-operative Bank Ltd.

7. 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 & Reserve Bank of India.

In the absence of the Manager Head Office the Assistant Manager at Head Office shall act a principal Officer and will be responsible for monitoring and reporting all the transactions as mentioned above.

A. Appointment of Principal Officer

The Senior Manager at the 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 moneylaundering 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/CFTpolicy.

ii. Monitoring and reporting of transaction and sharing of information asrequired 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 Officein Head Office

viii. Get verified the compliance with the policy from concurrent / internal auditors.

ix. Submission of quarterly audit notes and compliance to audit committee and the Board,

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 there should limits for each account (new as well as existing) and to exercise due diligence in identifying suspicious transactions.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

The Janata Co-operative Bank Ltd.

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 inrespect of opening and conduct of account.

8. CUSTOMER ACCEPTANCE POLICY

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

i. No account is opened in anonymous or fictitious/benami name.

ii. No account is opened where the bank is u+ble to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer. The Bank shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.

iii. No transaction or account based relationship is undertaken without following the CDD procedure.

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

v. Additional information, where such information requirement has not been specified in the internal KYC Policy of the Bank, is obtained with the explicit consent of the customer.

vi. Bank shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of a bank desires to open another account or avail any other product or service from the same bank, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned

vii. CDD Procedure is followed for all the joint account holders, while opening a joint account.

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

ix. 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 indicated below :

(i) The 'ISIL (Da'esh) and Al-Qaida Sanctions List', established and maintained pursuant to Security Council resolutions 1267 / 1989 / 2253, which includes names of individuals and entities associated with Al-Qaida, is available at www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list

(ii) The 'Taliban Sanctions List', established and maintained pursuant to Security Council resolution 1988 (2011), which includes names of individuals and entities associated with the Taliban is available at https://www.un.org/securitycouncil/sanctions/1988/materials

THE JANATA CO-OP BANK LTD. 32, F.F. N.S MARG DARYAGANJ NEW DELHI

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

xi. 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).

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

B. 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.

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

9. Risk Management

A. The 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 customer's business and their location, geographical risk covering customers as well as transactions, type of products/services offered, delivery channel used for delivery of products/services, types of transaction undertaken – cash, cheque/monetary instruments, wire transfers, forex transactions, etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.

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

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

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.

ii. 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.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

ii. Branches should categories 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:

iii. 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.

iv. 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

v. 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

iii. 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 turnover.
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 turnover below Rs.10.00 Lacs per month.
f) Small/marginal/other farmers who are native of the area.

The Janata Co-operative Bank Ltd.

THE JANATA CO-OP. BANK LTD. 12, F.F. N.S. MARG KAROL BAGH NEW DELHI

iv. 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 turnover 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 aclient.
e) Any other account as may be perceived risky by the Manager.

v. 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).
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 themanager.

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 below.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

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 below.

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, may 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 immediately from the third party or from the Central KYC Records Registry.

ii. Adequate steps are taken by Bank 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.

11. CUSTOMER DUE DILIGENCE (CDD) PROCEDURE

Customer Due Diligence (CDD) Procedure in case of Individuals

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

i. 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

ii. the proof of possession of Aadhaar number where offline verification can be carried out; or

(3) the proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; or

(4) the KYC Identifier with an explicit consent to download records from CKYCR; and

The Janata Co-op. Bank Ltd.

THE JANATA CO-OP. BANK LTD. 82, F.F. N.S. MARG DARYAGANJ NEW DELHI

(5) the PAN or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and

(6) the bank may require such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof.

Provided that where the customer has submitted,

i. Aadhaar number under clause (a) above to the BANK notified under first proviso to sub-section (1) of section 11A of the PML Act, such bank shall carry out authentication of the customer's Aadhaar number using UIDAIs 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 (2) 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 Digital KYC Process below.

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 Digital KYC Process below.

v. KYC Identifier under clause A(c) above, the BANK shall retrieve the KYC records online from the CKYCR in accordance with page 42 sno 35 below.

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

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

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 bank shall subject the database to periodic internal audit / inspection and the bank shall make database available for supervisory review

The Janata Co-op. Bank Ltd. Delhi

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

Explanation 1: The 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: A bank official, business correspondent, or business facilitator can perform biometric-based e-KYC authentication, including Aadhaar Face Authentication.

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

Explanation 4: Aadhaar number is not mandatory for purposes of KYC. However, in case the customer 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), the customer shall provide the Aadhaar number to the bank. In other cases, customers may provide the Aadhaar number voluntarily.

12. Digital KYC Process:

(1) The bank shall develop an application for digital KYC process and make it available at customer touch points for undertaking KYC of its customers and shall undertake the KYC process only through this authenticated application.

(2) The bank shall control the access to the Application and shall ensure that unauthorised persons do not use it. Authorised officials shall access the Application only through a login-id and password or a Live OTP or Time OTP controlled mechanism that the bank provides.

(3) The customer, for the purpose of KYC, shall visit the location of the authorised official of the bank or vice-versa. The original OVD shall be in possession of the customer.

(4) The bank shall ensure that the authorised officer takes a Live photograph of the customer and embeds the same photograph in the Customer Application Form (CAF). Further, the bank's system Application shall put a watermark in readable form, containing the CAF number, GPS coordinates, authorised official's name, unique employee code (which the bank assigns) and date (DD:MM:YYYY) and time stamp (HH:MM:SS), on the captured live photograph of the customer.

(5) The bank's Application shall have the feature that it captures only a live photograph of the customer and does not capture any printed or video graphed photograph. The background behind the customer while capturing live photograph shall be of white colour and no other person shall come into the frame while capturing the live photograph of the customer.

(6) Similarly, the authorised officer shall capture the live photograph of the original OVD or proof of possession of Aadhaar where offline verification cannot be carried out (placed horizontally), vertically from above and shall apply a water-marking in readable form as mentioned above. The authorised officer shall ensure there is no skew or tilt in the mobile device while capturing the live photograph of the original documents.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

(7) The authorised officer shall capture the live photograph of the customer and his original documents in proper light so that they are clearly readable and identifiable.

(8) Thereafter, the authorised officer shall fill all the entries in the CAF as per the documents and information furnished by the customer. In those documents where Quick Response (QR) code is available, such details may be auto-populated by scanning the QR code instead of manual filing the details. For example, in case of physical Aadhaar / e-Aadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address may be auto-populated by scanning the QR available on Aadhaar / e-Aadhaar.

(9) Once the above-mentioned process is completed, a One Time Password (OTP) message containing the text that 'Please verify the details filled in form before sharing OTP' shall be sent to customer's own mobile number. Upon successful validation of the OTP, the bank will treat it as the customer's signature on CAF. However, if the customer does not have their own mobile number, the bank may use the mobile number of their family / relatives / known persons for this purpose and clearly mention it in the CAF. In any case, the bank shall not use the mobile number of authorised officer registered with the bank for the customer signature. The bank shall check that the mobile number used in customer signature is not the mobile number of the authorised officer.

(10) The authorised officer shall provide a declaration about the capturing of the live photograph of the customer and original document. For this purpose, the bank shall verify the authorised officer with One Time Password (OTP) which will be sent to his mobile number registered with the bank. Upon successful OTP validation, the bank shall treat it as the authorised officer's signature on the declaration. The live photograph of the authorised officer shall also be captured in this authorised officer's declaration.

(11) Subsequent to all these activities, the Application shall give information about the completion of the process and submission of activation request to activation officer of the bank, and also generate the transaction-id / reference-id number of the process. The authorised officer shall intimate the details regarding transaction-id / reference-id number to the customer for future reference.

(12) The authorised officer of the bank shall check and verify that:
   (i) information available in the picture of the document matches with the information entered by authorised officer in CAF;
   (ii) live photograph of the customer matches with the photo available in the document; and
   (iii) the authorised officer has properly filled all of the necessary details in CAF, including mandatory field.

(13) On Successful verification, the CAF shall be digitally signed by authorised officer of the bank who will take a print of CAF, get signatures / thumb-impression of customer at appropriate place, then scan and upload the same in system. Original hard copy may be returned to the customer.

(14) The bank may use the services of Business Correspondent (BC) for this process.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

13. Accounts opened using Aadhar OTP based e-KYC

Accounts opened using Aadhar OTP based e-KYC, in non-face-to-face mode, are subject to the following conditions:

i. There must be a specific consent from the customer for authentication through OTP.

ii. As a risk-mitigating measure for such accounts, Bank shall ensure that transaction alerts, OTP, etc., are sent only to the mobile number of the customer registered with Aadhaar. Bank shall have a board approved policy delineating a robust process of due diligence for dealing with requests for change of mobile number in such accounts.

iii. 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 (vi) below is complete.

iv. The aggregate of all credits in a financial year, in all the deposit accounts taken together, shall not exceed rupees two lakh.

v. As regards borrowal accounts, only term loans shall be sanctioned. The aggregate amount of term loans sanctioned shall not exceed rupees fifty thousand in a year.

vi. The bank shall not allow accounts, both deposit and borrowal, opened using OTP based e-KYC to operate for more than one year unless it carries out identification.

vii. 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.

viii. 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.

viiii. 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.

14. Small Accounts

Notwithstanding anything contained in paragraph 11 of this policy and as an alternative thereto, in case an individual who desires to open a bank account, bank shall open a 'Small Account', which entails the following limitations:

i. the aggregate of all credits in a financial year does not exceed rupees one lakh;

ii. the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand; and

iii. 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.

THE JANATA CO-OP BANK LTD. 32 F.F. N.S. MARG DARYAGANJ NEW DELHI

The Janata Co-op Bank Ltd.

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 (iv) and (v) 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 para 11 of this policy.

ix. Foreign remittance shall not be allowed to be credited into the account unless the identity of the customer is fully established as per para 11 of this policy.

x. Provided that if the bank renders any account ineligible for being classified as a small account due to credits / balance in the account exceeding the permissible limits, the bank may allow withdrawals within the limit prescribed for small accounts where the limits thereof have not been breached.

15. KYC verification

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

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

16. CUSTOMER DUE DILIGENCE (CDD) MEASURES FOR SOLE PROPRIETARY FIRMS

Proprietary Firms

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

B. 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:

i. Registration certificate including Udhyam Registration Certificate (URD) issued by Govt.
ii. Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
iii. Sales and income tax returns.
iv. CST/VAT/ GST certificate.
v. Certificate/registration document issued by Sales Tax/Service Tax/ Professional Tax authorities.
vi. 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.
vi. 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.
vii. Utility bills such as electricity, water, and landline telephone bills.
viii. Copy of Aadhar Card and PAN Card of the proprietor.
ix. Photographs of the Proprietor.

C. 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.

D. 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.

17. 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. Keeping in view the importance of credit discipline for reduction in Non Performing Assets (NPA) level of bank, bank should insist on a declaration from the account-holder to the effect that he is not enjoying any credit facility with any

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

other bank or obtain a declaration giving particulars of credit facilities enjoyed by him with any other bank(s). The account opening bank should ascertain all the details and should also inform the concerned lending bank(s). The account-opening bank should obtain No objection Certificate from such banks.

vi. However, in case no response is received from the existing bankers after a minimum period of a fortnight, banks may open current accounts of prospective customers.

vii. Further, where the due diligence is carried out on the request of a prospective customer who is a corporate customer or a large borrower enjoying credit facilities from more than one bank, the bank may inform the consortium leader, if under consortium, and the concerned banks, if under multiple banking arrangement.

viii. Documents, as specified in para 11 of this policy, relating to beneficial owner, the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf

ix. the names of the relevant persons holding senior management position; and

x. the registered office and the principal place of its business, if it is different

xi. Copy of Aadhaar Card and PAN Card of the Directors authorized to operate the account.

xii. Photographs of the Directors authorized to operate the account.

B. CDD Measures for partnership firm

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. Copy of Aadhaar Card and PAN Card of the partner authorized to operate the account.

v. Photographs of the partner authorized to operate the account.

vi. Keeping in view the importance of credit discipline for reduction in Non Performing Assets (NPA) level of banks, banks should insist on a declaration from the account-holder to the effect that he is not enjoying any credit facility with any other bank or obtain a declaration giving particulars of credit facilities enjoyed by him with any other bank(s). The account opening bank should ascertain all the details and should also inform the concerned lending bank(s). The account-opening bank should obtain No objection Certificate from such banks.

vii. However, in case no response is received from the existing bankers after a minimum period of a fortnight, banks may open current accounts of prospective customers.

viii. Further, where the due diligence is carried out on the request of a prospective customer who is a corporate customer or a large borrower enjoying credit facilities from more than one bank, the bank may inform the consortium leader, if under consortium, and the concerned banks, if under multiple banking arrangement.

The Janata Co-operative Bank Ltd.

THE JANATA CO-OP. BANK LTD. NEW DELHI

ix. Documents, as specified in para 11of this policy, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf

x. the names of all the partners and

xi. address of the registered office, and the principal place of its business, if it is different.

C. CDD Measures for trust

For opening an **account of a trust**, certified copies of each of the followingdocuments 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 Para 22 below, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf

ii. the names of the beneficiaries, trustees, settlor and authors of the trust

iii. address of the registered office of the trust; and the

iv. list of trustees and documents, as specified in Para 11of this policy, for those discharging the role as trustee and authorised to transact on behalf of the trust.

v. Keeping in view the importance of credit discipline for reduction in Non Performing Assets (NPA) level of banks, banks should insist on a declaration from the account-holder to the effect that he is not enjoying any credit facility with any other bank or obtain a declaration giving particulars of credit facilities enjoyed by him with any other bank(s). The account opening bank should ascertain all the details and should also inform the concerned lending bank(s). The account-opening bank should obtain No objection Certificate from such banks.

vi. However, in case no response is received from the existing bankers after a minimum period of a fortnight, banks may open current accounts of prospective customers.

vii. Further, where the due diligence is carried out on the request of a prospective customer who is a corporate customer or a large borrower enjoying credit facilities from more than one bank, the bank may inform the consortium leader, if under consortium, and the concerned banks, if under multiple banking arrangement.

viii. Copy of Aadhaar Card and PAN Card of the Trustees authorized to operate the account.

ix. Photographs of the Trustees authorized to operate the account.

D. CDD Measures for unincorporated association

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

THE JANATA CO-OP. BANK LTD. 32, E.E. N.S. MARG DARYAGANJ NEW DELHI

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 Para 11 of this policy,

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

vi. Keeping in view the importance of credit discipline for reduction in Non Performing Assets (NPA) level of banks, banks should insist on a declaration from the account-holder to the effect that he is not enjoying any credit facility with any other bank or obtain a declaration giving particulars of credit facilities enjoyed by him with any other bank(s). The account opening bank should ascertain all the details and should also inform the concerned lending bank(s). The account-opening bank should obtain No objection Certificate from such banks.

vii. However, in case no response is received from the existing bankers after a minimum period of a fortnight, banks may open current accounts of prospective customers.

viii. Further, where the due diligence is carried out on the request of a prospective customer who is a corporate customer or a large borrower enjoying credit facilities from more than one bank, the bank may inform the consortium leader, if under consortium, and the concerned banks, if under multiple banking arrangement.

ix. Copy of Aadhaar Card and PAN Card of the associated/individual persons authorised to operate the account.

x. Photographs of the associated/individual persons authorised to operate the account.

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

Explanation : Term 'body of individuals' includes societies.

E. CDD Measures for juridical person

For opening account of a customer who is a **juridical person** (not specifically covered in the earlier part) such as societies, universities and local bodies like village panchayats, etc., or who purports to act on behalf of such juridical person or individual or trust, certified copies of the following documents or the equivalent e-documents thereof shall be obtained and verified:

i. Document showing name of the person authorised to act on behalf of the entity

ii. Documents, as specified in Para 22 below, 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.

iv. Provided that in case of a trust, the Bank shall ensure that trustees disclose their status at the time of commencement of an account-based relationship or when carrying out transactions as specified in clause A(ii), (v) & (vi) of para 10.

THE JANATA CO-OP. BANK LTD. 32 F.F. N.S. MARG DARYAGANJ NEW DELHI

18. Identification of Beneficial Owner

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

i) Where the customer or the owner of the controlling interest is
(a) an entity listed on a stock exchange in India, or
(b) it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions, or
(c) it is a subsidiary of such listed entities; it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities

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.

19. 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/wealth.

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

i. 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.

ii. Transactions which exceed the thresholds prescribed for specific categories of accounts.

iii. High account turnover inconsistent with the size of the balance maintained.

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

For ongoing due diligence, Bank may consider adopting appropriate innovations including artificial intelligence and machine learning (AI & ML) technologies to support effective monitoring.

20. Extent of Monitoring

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

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

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

Digitally Signed by Bank

21. Updation / Periodic Updation of KYC

Branch shall adopt a risk-based approach for periodic updation of KYC ensuring that the information or data collected under CDD is kept up-to-date and relevant, particularly where there is high risk. However, periodic updation shall be carried out at least once in every two years for high-risk customers, once in every eight years for medium risk customers and once in every ten years for low-risk customers from the date of opening of the account/last KYC updation and submit its compliance to Head Office.

Notwithstanding the provisions given above, in respect of an individual customer who is categorized as **low risk**, the bank shall allow all transactions and ensure the updation of KYC within one year of its falling due for KYC. The bank shall subject accounts of such customers to regular monitoring. This shall also be applicable to low-risk individual customers for whom periodic updation of KYC has already fallen due.

a) Individuals:

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

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

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

iv) Accounts of customers, who were minor at the time of opening account, on their becoming major: In case of customers for whom the bank opened an account when they were minors, the bank shall obtain fresh photographs upon their becoming a major and, at that time, shall ensure that CDD documents as per the current CDD standards are available. Wherever required, the bank may carry out fresh KYC of such customers, i.e., customers for whom it opened account when they were minor, upon their becoming a major.

v) The bank may use Aadhaar OTP based e-KYC in non-face-to-face mode for updation / periodic updation.

vi) Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. The bank shall ensure that the mobile number for Aadhaar authentication is same as the one available with them in the customer's profile, in order to prevent any fraud.

The Janata Co-op. Bank Ltd.

THE JANATA CO-OP. BANK LTD. 32 F.F. N.S. MARG DARYAGANJ NEW DELHI

b) **Customers other than individuals:**

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

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

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

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

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

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

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

v. Bank shall adopt a risk-based approach with respect to periodic updation of KYC. Any additional and exceptional measures, which otherwise are not mandated under the above instructions, adopted by the bank such as requirement of obtaining recent photograph, requirement of physical presence of the customer, requirement of periodic updation of KYC only in the branch of the bank where account is maintained, a more frequent periodicity of KYC updation than the minimum specified periodicity etc.,

d) Bank shall advise the customers that in order to comply with the PML Rules, in case of any update in the documents submitted by the customer at the time of establishment of business relationship/ account-based relationship and thereafter, as necessary; customers shall submit to the Bank the update of such documents. This shall be done within 30 days of the update to the documents for the purpose of updating the records at Bank end.

The Janata Co-op Bank Ltd.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

e) **Due Notices for Periodic Updation of KYC**

The bank shall intimate its customers, in advance, to update their KYC. Prior to the due date of periodic updation of KYC, the bank shall give at least three advance intimations, including at least one intimation by letter, at appropriate intervals to its customers through available communication options/ channels for complying with the requirement of periodic updation of KYC. Subsequent to the due date, the bank shall give at least three reminders, including at least one reminder by letter, at appropriate intervals, to such customers who have still not complied with the requirements, despite advance intimations. The letter of intimation/ reminder may, inter alia, contain easy to understand instructions for updating KYC, escalation mechanism for seeking help, if required, and the consequences, if any, of failure to update their KYC in time. Issue of such advance intimation/reminder shall be duly recorded in the bank's system against each customer for audit trail. The bank shall expeditiously implement the same but not later than January 01, 2026.

22. 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.

23. Monitoring Operations

A. Monitoring Operations in New Accounts

i. It shall be the responsibility of the Branch In-charge/Managers to maintain a close watch over the operations in newly opened accounts at least for the first six months, from the date of opening of such accounts, keep a close watch, so as to guard against fraudulent or doubtful transactions taking place therein. If any transaction of suspicious nature is revealed, branch should enquire about the transaction from the account holder, and if no convincing explanation is forthcoming, they should consider reporting such transactions to the appropriate investigating agencies.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

ii. Caution should be exercised whenever cheques/ drafts for large amounts are presented for collection, or Telegraphic Transfers (TTs)/Mail Transfers (MTs) are received for credit of new accounts immediately/within a short period after opening of account. In such cases, genuineness of the instruments and the account holder should be thoroughly verified. If necessary the paying bank should check with the collecting bank about the genuineness of any large value cheques/drafts issued. Demand Drafts (DDs)/Cheques for large amounts presented for collection should be verified under ultra violet lamps to safe guard against chemical alterations.

B. Monitoring Operations in all Accounts

i. It shall be the responsibility of the Branch In-charge/Managers to maintain a close monitoring of cash withdrawal for large amounts. Where third party cheques, drafts, etc. are deposited in the existing and newly opened accounts followed by cash withdrawals for large amounts, the banks should keep a proper vigil over the requests of their clients for such cash withdrawals for large amounts.

ii. The bank should closely monitoring cash deposits and withdrawals for Rs. 5 lakh and above not only in deposit accounts but also in all other accounts like cash credit/overdraft etc. The bank/branches should also maintain a separate register to record details of individual cash deposits and withdrawals for Rs. 5 lakh and above. The details recorded should include, in the case of deposits, the name of the account holder, account number, amount deposited and in the case of withdrawals, the name of the account holder, account number, amount of withdrawal and name of the beneficiary of the cheque. Further, any cash deposits or withdrawals of Rs. 5 lakh and above should be reported by the Branch Manager to the Head Office on a fortnightly basis along with full particulars, such as name of the account holder, account number, date of opening the account, etc. On receipt of these statements from branches, the Head Office should immediately scrutinise the details thereof and have the transactions looked into by deputing officials, if the transactions prima facie appear to be dubious or giving rise to suspicion. The inspecting officials from the Reserve Bank during the course of their inspections will also be looking into the statements submitted by the branches.

iii. The other important areas in the payment of cheques wherein due caution need to be exercised are verification of drawer's signature, custody of specimen signature cards, supervision over issue of cheque books and control over custody of blank cheque books/leaves. While need for examining cheques for large amounts under Ultra Violet Ray Lamps is recognised by the branches, in practice it is rarely done as there is often a tendency to be lax in the matter resulting in avoidable loss. In addition, due care should be exercised in regard to issue and custody of tokens, movement of cheques tendered across the counter and custody of all instruments after they are paid by the banks. Depositors/ Customers should be asked to surrender unused cheque books before closing/transferring the accounts. Also safe custody of specimen signature cards is of utmost importance, especially when operating instructions are changed, the change should be duly verified by a senior official in the branch.

C. Issue of Cheque Books

Fresh cheque books should be issued only against production of duly signed requisition slips from previous cheque book issued to the party. In case the cheque book is issued against a requisition letter, the drawer should be asked to come personally to the bank or cheque book should be sent to him under registered post directly without being delivered to the bearer. Loose cheques should be issued to account holder only when they come personally with a requisition letter and on production of passbooks.

THE VANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

24. Enhanced and Simplified Due Diligence Procedure

A. Enhanced Due Diligence

i. Enhanced Due Diligence (EDD) for non-face-to-face customer on boarding (other than customer on boarding : Non-face-to-face on boarding facilitates the Bank to establish relationship with the customer without meeting the customer physically or through V-CIP. Such non-face-to-face modes for the purpose of this paragraph includes use of digital channels such as CKYCR, Digi Locker, equivalent e-document, etc., and non-digital modes such as obtaining copy of OVD certified by additional certifying authorities as allowed for NRIs and PIOs. Following EDD measures shall be undertaken by Bank for non-face-to-face customer on boarding (other than customer on boarding in terms of para 13.

a) If the branch has introduced the process of V-CIP, the same shall be provided as the first option to the customer for remote onboarding. It is reiterated that processes complying with prescribed standards and procedures for V-CIP shall be treated on par with face-to-face CIP for the purpose of these Directions.

b) In order to prevent frauds, alternate mobile numbers shall not be linked post CDD with such accounts for transaction OTP, transaction updates, etc. Transactions shall be permitted only from the mobile number used for account opening.

c) Apart from obtaining the current address proof, Bank shall verify the current address through positive confirmation before allowing operations in the account. Positive confirmation may be carried out by means such as address verification letter, contact point verification, deliverables, etc.

d) Bank shall obtain PAN from the customer and the PAN shall be verified from the verification facility of the issuing authority.

e) First transaction in such accounts shall be a credit from existing KYC-complied bank account of the customer.

f) Such customers shall be categorized as high-risk customers and accounts opened in non-face to face mode shall be subjected to enhanced monitoring until the identity of the customer is verified in face-to-face manner or through V-CIP.

25. Accounts of Politically Exposed Persons (PEPs)

i. Bank shall have the option of establishing a relationship with PEPs (whether as customer or beneficial owner) provided that, apart from performing normal customer due diligence:

a) Bank have in place appropriate risk management systems to determine whether the customer or the beneficial owner is a PEP;

b) Reasonable measures are taken by the branch for establishing the source of funds / wealth;

c) the approval to open an account for a PEP shall be obtained from the senior management;

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

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

ii. These instructions shall also be applicable to family members or close associates of PEPs

Explanation: For the purpose of this paragraph, "Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions by a foreign country, including the Heads of States/Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG BARYAGANJ NEW DELHI

26. 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 o 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 shall not be required while opening the savings bank account of the SHG

b) CDD of all the office bearers shall suffice.

c) CDD of 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.

27. 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. The branch 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 swiftly, the identification records and transaction data to the competent authorities upon request;

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

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 ina 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.

Explanation. – For the purpose of this Paragraph, the expressions "records pertaining to the identification", "identification records", etc., shall include updated records of the identification data, account files, business correspondence and results of any analysis undertaken.

B. Bank shall ensure that in case of customers who are non-profit organisations, the details of such customers are registered on the DARPAN Portal of NITI Aayog. If the same are not registered, Bank shall register the details on the DARPAN Portal. Bank shall also maintain such registration records for a period of five years after the business relationship between the customer and the Bank has ended or the account has been closed, whichever is later.

28. Reporting Requirements to Financial Intelligence Unit - India

A. i. Bank 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 Bank for detecting transactions referred to in various clauses of sub-rule (1) of rule 3, to direct them about the form of furnishing information and to specify the procedure and the manner of furnishing information.

ii. The bank shall take note of the reporting formats and comprehensive reporting format guide, prescribed / released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports. The bank which is yet to install / adopt suitable technological tools for extracting CTR / STR from its live transaction data shall make use of the editable electronic utilities to file electronic Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR) which FIU- IND has placed on its website. The Principal Officer of the bank, shall have suitable arrangement to cull out the transaction details from branches which are yet to be computerised and to feed the data into an electronic file with the help of the editable electronic utilities of CTR / STR as have been made available by FIU-IND on its website http://fiuindia.gov.in.

The Janata Co-Op. Bank Ltd.

THE JANATA CO-OP. BANK LTD. 32 F.F. N.S. MARG DARYAGANJ NEW DELHI

iii) When furnishing information to the Director, FIU-IND, a delay of each day in not reporting a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in the Rule shall constitute as a separate violation. The bank shall not put any restriction on operations in the accounts merely on the basis of the STR filed.

The bank, its directors, officers, and all employees shall ensure that the fact of maintenance of records referred to in rule 3 of the PML (Maintenance of Records) Rules, 2005, and furnishing of the information to the Director is confidential. However, such confidentiality requirement shall not inhibit sharing of information under paragraph Error! Reference source not found of these Directions of any analysis of transactions and activities which appear unusual, if the bank has done any such analysis.

iv) To identify and report suspicious transactions effectively, the bank shall implement robust software that generates alerts when transactions are inconsistent with a customer's risk categorisation and updated profile

B. Procedure and manner of furnishing information.

i. Bank shall communicate to the Director FIU-IND, the name, designation and address of the Designated Director and the Principal Officer.

ii. 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.

iii. 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.

iv. 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.

C. Furnishing of information to the Director.—

i. 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.

ii. 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.

iii. 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.

iv. For the purpose of this rule, delay of each day in not reporting a transactionor delay of each day in rectifying a mis-reported transaction beyond the time limit as specified in this rule shall constitute a separate violation.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

D. Overview of Reporting under PMLA

i. All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;

ii. 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;

iii. All transactions involving receipts by non-profit organisations of value more than rupees ten lakh, or its equivalent in foreign currency.

iv. 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.

v. All suspicious transactions whether or not made in cash.

vi. 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. 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. The bank is required to furnish to FIU-IND following information under Prevention of Money Laundering Act. 2002 and the Rules there under.

E. Cash Transaction Reports

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

i. All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;

ii. 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.

F. 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.

G. 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.

H. Suspicious Transaction Reports

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

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

Suspicions 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 –

i. 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
ii. appears to be made in circumstances of unusual or unjustified complexity;or
iii. appears to have no economic rationale or bonafide purpose; or
iv. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism;

v. 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.

I. Cash Transactions Report [CTR]

i. Report of all cash transactions of the value of more than rupee ten lakhs or its equivalent in foreign currency and 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 and the aggregate value of such transaction exceeds Rupees ten lakh.

ii. The CTR for each month will be submitted to FIU-IND by 15th of the succeeding month.

iii. A copy of monthly CTR submitted on its behalf to FIU-IND is available at the concerned branch (through MIS Report: Misc Reports Module under SENSRPT – 5/7 & 5/7a) for production to auditors/Inspectors, when asked for. While determining suspicious transactions, bank is to be guided by the definition of "suspicious transaction" as contained in PMLA Rules as amended from time to time.

J. Suspicious Transaction Reports (STR)

i. While determining suspicious transactions, bank is to be guided by the definition of "suspicious transaction" as contained in PMLA Rules as amended from time to time.
"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.

ii. It is likely that in some cases transactions are abandoned/aborted by customers on being asked to give some details or to provide documents. All such attempted transactions in STRs to be reported, even if not completed by the customers, irrespective of the amount of the transaction.

THE JANATA CO-OP. BANK LTD. 34 F.F. N.S. MARG DARYAGANJ NEW DELHI

iii. STR to be submitted if it has reasonable ground to believe that the transaction involves proceeds of crime irrespective of the amount of the transaction and/or the threshold limit envisaged for predicate offences in part B of Schedule of PMLA, 2002.

i. Furnishing of STR to be ensured within seven days of arriving at a conclusion by the Principal Officer of the Bank that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature.

ii. It shall be ensured not to put any restrictions on operations in the accounts where an STR has been filed. The submission of STR will be kept strictly confidential, as required under PML Rules and it will be ensured that there is no tipping off to the customer at any level.

iii. The primary responsibility for monitoring and reporting of suspicious transaction shall be of the branch. The monitoring of the transactions will also be done by controlling offices, who will also interact with the branches to facilitate monitoring and reporting of suspicious transactions. Controlling offices shall monitor transactions in customer accounts, in general, and high risk accounts/ high value transactions, in particular.

iv. For effective monitoring of transactions of the customers, Bank has implemented an AML system for generation of AML alerts on day to day basis based on the pre-defined scenarios, as advised by Indian Banks Association (IBA) / Financial Intelligence Unit – India (FIU-IND) from time to time. These scenarios will be periodically reviewed to make them more effective based on the feedback received and experience gained. Further, an indicative list of behavioral /observation based scenarios has been circulated vide Centralised AML Cell (FRMD) Circular No. 01/2021 dated 22.01.2021. In case any suspicious transaction is detected, the same be reported to Centralised AML Cell for onward submission of Suspicious Transaction Report (STR) to Financial Intelligence Unit – India (FIU-IND) through FIN net Gateway after getting the approval of Principal Officer of the Bank.

Indicative list of various types of indicators i.e. customer behavior and risk based transaction monitoring (RBTM), high & medium risk: customers/products & services/ geographies/ locations/alerts for branches/departments, are attached at **Annexure-III** of Operational Guidelines for KYCPolicy for FY 2023-2024.

K. Counterfeit Currency Report (CCR)

Cash transactions were forged or counterfeit currency notes have been used as genuine or where any forgery of a valuable security or document has taken place facilitating the transactions will be reported to Financial Intelligence Unit-India in the specified format by 15th of the succeeding month.

L. Non Profit Organisations Transaction report [NTR]

All transactions involving receipts by non-profit organizations of value more than rupees ten lakh or its equivalent in foreign currency, to be reported to the Director, Financial Intelligence Unit-India by the 15th of the succeeding month.

M. Cross-border Wire Transfer Report [CWTR]

Cross-Border Wire Transfer Report (CWTR) to be filed to the Director, Financial Intelligence Unit-India by 15th of succeeding month for all cross border wire transfers of the value of more than Rs 5 lakh or its equivalent in foreign currency where either the origin or destination of fund is in India.

THE JANATA CO-OP. BANK LTD. 32 F.F. N.S. MARG DARYAGANJ NEW DELHI

N. 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

O. Background of client

Suspicious background or links with known criminals

P. 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

Q. Activity in accounts

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

R. 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 declaredbusiness

S. 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 tenlakhs 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, itsequivalent in foreign currency	

The Janata Co-operative Bank Ltd.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

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.

T. 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.

U. Alerts for identification of suspicious transactions. (Annexure – II)

29. Obligations under the Unlawful Activities (Prevention) (UAPA) Act, 1967:

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

a) **The "ISIL (Da'esh) &Al-Qaida Sanctions List",** established and maintained pursuant to Security Council resolutions 1267/1989/2253, which includes names of individuals and entities associated with the Al-Qaida is available at https://scsanctions.un.org/ohz5jen-al-qaida.html

b) **The "Taliban Sanctions List",** established and maintained pursuant to Security Council resolution 1988 (2011), which includes names of individuals and entities associated with the Taliban is available at https://www.un.org/securitycouncil/sanctions/1988/materials

ii . Bank shall also ensure to refer to the lists as available in the Schedules to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as amended from time to time. The bank shall verify the aforementioned lists, i.e., UNSC Sanctions Lists and lists as available in the Schedules to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as amended from time to time, on a daily basis, and any modifications to the lists in terms of additions, deletions or other changes shall be taken into account by the bank for meticulous compliance.

iii . 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 (MHA) as required under UAPA notification dated February 2, 2021 (Annex I of the policy) (page 74 to 93).

iv . Freezing of Assets under Section 51A of UAPA, 1967: The procedure laid down in the UAPA Order dated February 2, 2021 (Annex II of the policy) (page 74 to 93). shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured. The list of Nodal Officers for UAPA is available on the website of MHA.

THE JANATA CO-OP. BANK LTD. 32 F.F. N.S. MARG DARYAGANJ NEW DELHI

30 . Obligations under Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005):

i. Bank shall ensure meticulous compliance with the "Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005" laid down in terms of Section 12A of the WMD Act, 2005 vide Order dated September 01, 2023, by the Ministry of Finance, Government of India (Annex II of the policy) (page 94 to 107 of circular).

ii. In accordance with paragraph 3 of the aforementioned Order, Bank shall ensure not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list.

iii. Further, Bank shall run a check, on the given parameters, at the time of establishing a relation with a customer and on a periodic basis to verify whether individuals and entities in the designated list are holding any funds, financial asset, etc., in the form of bank account, etc.

iv. In case of match in the above cases, Bank shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (CNO), designated as the authority to exercise powers under Section 12A of the WMD Act, 2005. A copy of the communication shall be sent to State Nodal Officer, where the account / transaction is held and to the RBI.
It may be noted that in terms of Paragraph 1 of the Order, Director, FIU-India has been designated as the CNO

v. Bank shall refer to the designated list, as amended from time to time, available on the portal of FIU-India.

vi. In case there are reasons to believe beyond doubt that funds or assets held by a customer would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A of the WMD Act, 2005, Bank shall prevent such individual/entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post, without delay.

vii. In case an order to freeze assets under Section 12A is received by the Bank from the CNO, Bank shall, without delay, take necessary action to comply with the Order.

v. The process of unfreezing of funds, etc., shall be observed as per paragraph 7 of the Order. Accordingly, copy of application received from an individual/entity regarding unfreezing shall be forwarded by Bank along with full details of the asset frozen, as given by the applicant, to the CNO by email, FAX and by post, within two working days.

31. UNSCR 1718 Sanctions List of Designated Individuals

Bank shall verify every day, the 'UNSCR 1718 Sanctions List of Designated Individuals and Entities', as available at https://www.mea.gov.in/Implementation-of-UNSC-Sanctions-DPRK.htm, to take into account any modifications to the list in terms of additions, deletions or other changes and also ensure compliance with the 'Implementation of Security Council Resolution on Democratic People's Republic of Korea Order, 2017', as amended from time to time by the Central Government.

A. In addition to the above, Bank shall take into account – (a) other UNSCRs and (b) lists in the first schedule and the fourth schedule of UAPA, 1967 and any amendments to the same for compliance with the Government orders on implementation of Section 51A of the UAPA and Section 12A of the WMD Act.

B. Bank shall undertake countermeasures when called upon to do so by any international or intergovernmental organisation of which India is a member and accepted by the Central Government.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

32. Jurisdictions that do not or insufficiently apply the FATF Recommendations

i. 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. Bank shall apply enhanced due diligence measures, which are effective and proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.

ii. 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 processes referred to in (i) & (ii) above do not preclude Bank from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statement.

iii. 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.

32A. Bank shall encouraged to leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements.

Other Instructions

33. Secrecy Obligations and Sharing of Information :

i. Banks shall maintain secrecy regarding the customer information which arises outof the contractual relationship between the banker and customer.

ii. Information collected from customers for the purpose of opening of account shallbe 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.

iii. 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.

iv. The exceptions to the said rule shall be as under:

a) Where disclosure is under compulsion of law
b) Where there is a duty to the public to disclose,
c) Where the interest of bank requires disclosure and
d) Where the disclosure is made with the express or implied consent of the customer.

33A. Compliance with the provisions of Foreign Contribution (Regulation) Act, 2010

Banks shall ensure adherence to the provisions of Foreign Contribution (Regulation) Act, 2010 and Rules made thereunder. Further, banks shall also ensure meticulous compliance with any instructions / communications on the matter issued from time to time by the Reserve Bank based on advice received from the Ministry of Home Affairs, Government of India.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

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

i. 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.

ii. In terms of provision of Rule 9(1A) of PML Rules, the Bank shall capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.

iii. Operational Guidelines for uploading the KYC data have been released by CERSAI.

iv. Bank shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as per the KYC templates prepared for 'Individuals' and 'Legal Entities' as the case may be. The templates may be revised from time to time, as may be required and released by CERSAI.

v. The 'live run' of the CKYCR started from July 15, 2016 in phased manner beginning with new 'individual accounts'. The bank shell upload the KYC data pertaining to all new individual accounts opened on or after from April 1, 2017, with CKYCR in terms of the provisions of the Rules ibid.

vi. Bank shall upload KYC records pertaining to accounts of Legal Entities opened on or after April 1, 2021, with CKYCR in terms of the provisions of the Rules ibid. The KYC records have to be uploaded as per the Legal Entities Template released by CERSAI.

vii. Once KYC Identifier is generated by CKYCR, Bank shall ensure that the same is communicated to the individual/LE as the case may be.

viii. In order to ensure that all KYC records are incrementally uploaded on to CKYCR, bank shall upload/update the KYC data pertaining to accounts of individual customers and LEs opened prior to the above-mentioned dates as per clauses (v) and (vi), respectively, at the time of periodic updation as specified in paragraph 23 of this policy, or earlier, when the updated KYC information is obtained/received from the customer. Also, whenever the bank obtains additional or updated information from any customer as per clause (x) below in this paragraph or Rule 9 (1C) of the PML Rules, the bank shall within seven days or within such period as may be notified by the Central Government, furnish the updated information to CKYCR, which shall update the KYC records of the existing customer in CKYCR. CKYCR shall thereafter inform electronically all the reporting entities who have dealt with the concerned customer regarding updation of KYC record of the said customer. Once CKYCR informs the bank regarding an update in the KYC record of an existing customer, the bank shall retrieve the updated KYC records from CKYCR and update the KYC record maintained by the bank.

ix. Bank shall ensure that during periodic updation, the customers are migrated to the current CDD standard.

x. For the purpose of establishing an account-based relationship, updation/ periodic updation or for verification of identity of a customer, the bank shall seek the KYC Identifier from the customer or retrieve the KYC Identifier, if available, from the CKYCR and proceed to obtain KYC records online by using such KYC Identifier and shall not require a customer to submit the same KYC records or information or any other additional identification documents or details, unless–

The Janata Co-op. Bank Ltd.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

a) there is a change in the information of the customer as existing in the records of CKYCR; or

b) the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or

c) the validity period of downloaded documents has lapsed; or

d) the bank considers it necessary in order to verify the identity or address (including current address) of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the customer.

"Explanation: The bank that has last uploaded or updated the customer's KYC records in the CKYCR shall be responsible for verifying the identity and / or address of the customer, as applicable. Accordingly, any bank downloading and relying on such records from the CKCYR shall not be required to re-verify the authenticity of the customer's identity and / or address, provided the KYC records downloaded from CKYCR are current and compliant with the PML Act, 2002 / PML Rules, 2005. The bank downloading and relying on KYC records downloaded from the CKCYR shall remain responsible for all aspects of CDD procedure and provisions of these Directions, except verification of identity and / or address of the customer."

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

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:

(a) Register on the related e-filling 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,

(b) 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.

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

(d) Develop a system of audit for the IT framework and compliance with Rules 114F, 114G and 114H of Income Tax Rules.

(e) Constitute a "High Level Monitoring Committee" under the Designated Director or any other equivalent functionary to ensure compliance.

(f) 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 website **http://www.incometaxindia.gov.in/Pages/default.aspx**. Bank may take note of the following:

i. updated **Guidance Note** on FATCA and CRS
ii. a **press release** on 'Closure of Financial Accounts' under Rule 114H (8).

THE JANATA CO-OP. BANK LTD. 22, P.F. N.S. MARG DARYA GANJ NEW DELHI

36. 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.

37. 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." Banks shall undertake diligence measures and meticulous monitoring to identify accounts which are operated as Money Mules and take appropriate action, including reporting of suspicious transactions to FIU-IND. Further, if it is established that an account opened and operated is that of a Money Mule, but no STR was filed by the concerned bank, it shall then be deemed that the bank has not complied with these directions.

i. Collection of Account Payee Cheques

Account payee cheques for any person other than the payee constituent shall not be collected. Branch 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.

ii. Unique Customer Identification Code (UCIC)

A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with individual customers as also the existing customers by bank. Branche are required to strictly avoid creating multiple customer IDs.

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.

iii. Introduction of New Technologies

Bank shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products.

Further, Bank shall ensure: The AML software in use at the bank shall be comprehensive and robust enough to captercher all cash end another trengestions and transgection involbig internal accounts of the bank

38. Correspondent Banking

The Bank i.e. the Janata Co-operative Bank Ltd. is having Real Time Gross Settlement(RTGS), National Electronic Fund Transfer(NEFT), Automated Teller Machine(ATM), National Autometed Clearing House(NACH), Immediate Payment System (IMPS), Point of Salc (POS), Unified Payment Interface (UPI), issue of cheque at par facility, Constituent Subsidiary General Ledger(CSGL) etc. arrangements with HDFC Bank Ltd. and NPCI for which the necessary approval of the Board of Directors has been obtained prior to making these such arrangements and agreements to this effect have also signed by both the parties.

THE JANATA CO-OP. BANK LTD. 32 F.F. N.S. MARG DARYAGANJ NEW DELHI

39. Wire Transfer

A. Information requirements for wire transfers for the purpose of this Master Direction:

i. All cross-border wire transfers shall be accompanied by accurate, complete, and meaningful originator and beneficiary information as mentioned below:

a) name of the originator;
b) the originator account number where such an account is used to process the transaction;
c) the originator's address, or national identity number, or customer identification number, or date and place of birth;
d) name of the beneficiary; and
e) the beneficiary account number where such an account is used to process the transaction.
f) In the absence of an account, a unique transaction reference number should be included which permits traceability of the transaction.

ii. In case of batch transfer, where several individual cross-border wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, they (i.e., individual transfers) are exempted from the requirements of clause (i) above in respect of originator information, provided that they include the originator's account number or unique transaction reference number, as mentioned above, and the batch file contains required and accurate originator information, and full beneficiary information, that is fully traceable within the beneficiary country.

iii. Domestic wire transfer, where the originator is an account holder of the ordering Bank, shall be accompanied by originator and beneficiary information, as indicated for cross-border wire transfers in (i) and (ii) above.

iv. Domestic wire transfers of rupees fifty thousand and above, where the originator is not an account holder of the ordering Bank, shall also be accompanied by originator and beneficiary information as indicated for cross-border wire transfers.

In case of domestic wire transfers below rupees fifty thousand where the originator is not an account holder of the ordering RE and where the information accompanying the wire transfer can be made available to the beneficiary Bank and appropriate authorities by other means, it is sufficient for the ordering Bank to include a unique transaction reference number, provided that this number or identifier will permit the transaction to be traced back to the originator or the beneficiary.

The ordering Bank shall make the information available within three working/business days of receiving the request from the intermediary Bank, beneficiary Bank, or from appropriate competent authorities.

iv. Bank shall ensure that all the information on the wire transfers shall be immediately made available to appropriate law enforcement authorities, prosecuting / competent authorities as well as FIU-IND on receiving such requests with appropriate legal provisions.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYA GANJ NEW DELHI

vi. The wire transfer instructions are not intended to cover the following types of payments:

(i) Any transfer that flows from a transaction carried out using a credit card / debit card / Prepaid Payment Instrument (PPI), including through a token or any other similar reference string associated with the card / PPI, for the purchase of goods or services, so long as the credit or debit card number or PPI id or reference number accompanies all transfers flowing from the transaction. However, when a credit or debit card or PPI is used as a payment system to effect a person-to-person wire transfer, the wire transfer instructions shall apply to such transactions and the necessary information should be included in the message.

(ii) Financial institution-to-financial institution transfers and settlements, where both the originator person and the beneficiary person are regulated financial institutions acting on their own behalf.

It is, however, clarified that nothing within these instructions will impact the obligation of an bank to comply with applicable reporting requirements under PML Act, 2002, and the Rules made thereunder, or any other statutory requirement in force.

B. Responsibilities of ordering Bank, intermediary Bank and beneficiary Bank, effecting wire transfer, are as under:

i. Ordering Bank :

a) The ordering Bank shall ensure that all cross-border and qualifying domestic wire transfers {viz., transactions as per clauses (iii) and (iv) of paragraph 'A' above}, contain required and accurate originator information and required beneficiary information, as indicated above.

b) Customer Identification shall be made if a customer, who is not an account holder of the ordering Bank is intentionally structuring domestic wire transfers below rupees fifty thousand to avoid reporting or monitoring. In case of non-cooperation from the customer, efforts shall be made to establish identity and if the same transaction is found to be suspicious, STR may be filed with FIU-IND in accordance with the PML Rules.

c) Ordering Bank shall not execute the wire transfer if it is not able to comply with the requirements stipulated in this section.

ii. Intermediary Bank :

a) Bank processing an intermediary element of a chain of wire transfers shall ensure that all originator and beneficiary information accompanying a wire transfer is retained with the transfer.

b) Where technical limitations prevent the required originator or beneficiary information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer, the intermediary Bank shall keep a record, for at least five years, of all the information received from the ordering financial institution or another intermediary Bank.

c) Intermediary Bank shall take reasonable measures to identify cross-border wire transfers that lack required originator information or required beneficiary information. Such measures should be consistent with straight-through processing.

THE ANANTA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

d) Intermediary Bank shall have effective risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action including seeking further information and if the transaction is found to be suspicious, reporting to FIU-IND in accordance with the PML Rules.

iii. Beneficiary Bank :

a) Beneficiary Bank shall take reasonable measures, including post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers and qualifying domestic wire transfers {viz., transactions as per clauses (iii) and (iv) of paragraph 'A' above}, that lack required originator information or required beneficiary information.

b) Beneficiary Bank shall have effective risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action follow-up action including seeking further information and if the transaction is found to be suspicious, reporting to FIU-IND in accordance with the PML Rules.

v. Money Transfer Service Scheme (MTSS) providers and other REs, are required to comply with all of the relevant requirements of this Section, whether they are providing services directly or through their agents. Bank that control both the ordering and the beneficiary side of a wire transfer shall:

a) take into account all the information from both the ordering and beneficiary sides in order to determine whether an STR has to be filed; and

b) file an STR with FIU, in accordance with the PML Rules, if a transaction is found to be suspicious.

C. Other Obligations

i. Obligations in respect of Bank engagement or involvement with unregulated entities in the process of wire transfer

Bank shall be cognizant of their obligations under these instructions and ensure strict compliance, in respect of engagement or involvement of any unregulated entities in the process of wire transfer. More specifically, whenever there is involvement of any unregulated entities in the process of wire transfers, the concerned Bank shall be fully responsible for information, reporting and other requirements and therefore shall ensure, inter alia, that,

a) there is unhindered flow of complete wire transfer information, as mandated under these directions, from and through the unregulated entities involved;

b) the agreement / arrangement, if any, with such unregulated entities by Bank clearly stipulates the obligations under wire transfer instructions; and

c) a termination clause is available in their agreement / arrangement, if any, with such entities so that in case the unregulated entities are unable to support the wire information requirements, the agreement / arrangement can be terminated. Existing agreements / arrangements, if any, with such entities shall be reviewed within three months to ensure aforementioned requirements.

THE JANATA CO-OP. BANK LTD. 32 F.F. N.S. MARG DARYAGANJ NEW DELHI

ii. Bank responsibility while undertaking cross-border wire transfer with respect to name screening (such that they do not process cross-border transactions of designated persons and entities)

Bank is prohibited from conducting transactions with designated persons and entities and accordingly, in addition to compliance with Chapter IX of the Master Direction, Bank shall ensure that they do not process cross-border transactions of designated persons and entities.

iii. Banks' responsibility to fulfil record management requirements

Complete originator and beneficiary information relating to wire transfers shall be preserved by the Bank involved in the wire transfer, in accord

40. 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.

41. Quoting of PAN

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

42. 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:

i. the identity and address of the walk-in customer shall be verified for transactions above rupees fifty thousand as required under para 10 clause (v) of this policy.

ii. transaction details of sale of third party products and related records shall be maintained as prescribed in para 25 of this policy.

a. 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.

b. transactions involving rupees fifty thousand and above shall be undertaken only by:
   (i) debit to customers' account or against cheques; and
   (ii) obtaining and verifying the PAN given by the account based as well as walk-in customers.

c. Instruction at 'b' above shall also apply to sale of Bank 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.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ DELHI

43. At-par cheque facility

i. 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.

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

a) For their own use.

b) 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.

c) For walk-in customers against cash for less than Rs.50,000/- per individual.

ii. In order to utilise the 'at par' cheque facility in the above manner, branches should maintain the following:

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

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

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

44. Hiring of Employees and Employee training

i. Adequate screening mechanism, including Know Your Employee / Staff policy, as an integral part of their personnel recruitment/hiring process shall be put in place.

iii. Banks shall endeavour to ensure that the staff dealing with / being deployed for KYC/AML/CFT matters have: high integrity and ethical standards, good understanding of extant KYC/AML/CFT standards, effective communication skills and ability to keep up with the changing KYC/AML/CFT landscape, nationally and internationally. REs shall also strive to develop an environment which fosters open communication and high integrity amongst the staff.

iv. On-going employee training programme shall be put in place so that the members of staff are adequately trained in KYC/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 KYC/AML/CFT policies of the Bank, regulation and related issues shall be ensured.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

45. Penalty for non compliance

i. Section 13 of the Prevention of Money Laundering Act, 2002 confers following powers on the Director, FIU-IND to ensure compliance.

a) 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.

b) 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.

c) The expenses of, and incidental to, any audit under sub-section (lA) shall be borne by the Central Government.

d) 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 complywith 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-

(i) Issue a warning in writing; or

(ii) direct such reporting entity or its designated director on the Board or any of its employees, to comply with specific instructions; or

(iii) 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

(iv) 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.

e) 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.

ii. 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.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

b) **Adherence to Know Your Customer (KYC) guidelines.**

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.

c) **Concurrent Auditor**

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

46. 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. It is clarified that bank will endeavor to meticulously adhere to the provisions of the master circular Know Your Customers(KYC) Directions - 2025 DOR.AML.REC.No.210/14.01.006/2025-26 dated November 28, 2025.

For The Janata Co-operative Bank Ltd.

(P.S. Pathania)
Managing Director

The Janata Co-operative Bank Ltd.

THE JANATA CO-OP. BANK LTD. 32, F.F. N.S. MARG DARYAGANJ NEW DELHI

Annex – I

File No. 14014/01/2019/CFT

Government of India Ministry of Home Affairs

CTCR Division

North Block, New Delhi,
Dated: the 2nd February, 2021
(Amended vide corrigendum dated March 15, 2023)
(Amended vide corrigendum dated August 29, 2023)
(Amended vide corrigendum dated April 22, 2024)

ORDER

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

Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) reads as under:-

"51A. For the prevention of, and for coping with terrorist activities, the Central Government shall have power to –

a) freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism;

b) prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism;

c) prevent the entry into or the transit through India of individuals listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism".

The Unlawful Activities (Prevention) Act, 1967 defines "Order" as under: -

"Order" means the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as may be amended from time to time.

Tilak Nagar Co-operative Bank Ltd.

2. In order to ensure expeditious and effective implementation of the provisions of Section 51A, a revised procedure is outlined below in supersession of earlier orders and guidelines on the subject:

3. **Appointment and communication details of the UAPA Nodal Officers:**

3.1 The Joint Secretary (CTCR), Ministry of Home Affairs would be the Central [designated] Nodal Officer for the UAPA **[Telephone Number: 011-23093124, 011-230923465 (Fax), email address: jsctcr-mha@gov.in].**

3.2 The Ministry of External Affairs, Department of Economic Affairs, Ministry of Corporate Affairs, Foreigners Division of MHA, FIU-IND, Central Board of Indirect Taxes and Customs (CBIC) and Financial Regulators (RBI, SEBI and IRDA) shall appoint a UAPA Nodal Officer and communicate the name and contact details to the Central [designated] Nodal Officer for the UAPA.

3.4 All the States and UTs shall appoint a UAPA Nodal Officer preferably of the rank of the Principal Secretary/Secretary, Home Department and communicate the name and contact details to the Central [designated] Nodal Officer for the UAPA.

3.5 The Central [designated] Nodal Officer for the UAPA shall maintain the consolidated list of all UAPA Nodal Officers and forward the list to all other UAPA Nodal Officers, in July every year or as and when the list is updated and shall cause the amended list of UAPA Nodal Officers circulated to all the Nodal Officers.

3.6 The Financial Regulators shall forward the consolidated list of UAPA Nodal Officers to the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies.

3.7 The Regulators of the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs shall forward the consolidated list of UAPA Nodal Officers to the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs.

4. **Communication of the list of designated individuals/entities:**

4.1 The Ministry of External Affairs shall update the list of individuals and entities subject to the UN sanction measures whenever changes are made in the lists by the UNSC

The Jammu & Kashmir Co-operative Bank Ltd.

1267 Committee pertaining to Al Qaida and Da'esh and the UNSC 1988 Committee pertaining to Taliban. On such revisions, the Ministry of External Affairs would electronically forward the changes without delay to the designated Nodal Officers in the Ministry of Corporate Affairs, CBIC, Financial Regulators, FIU–IND, CTCR Division and Foreigners Division in MHA.

4.2 The Financial Regulators shall forward the list of designated persons as mentioned in Para 4(i) above, without delay to the banks, stock exchanges/ depositories, intermediaries regulated by SEBI and insurance companies.

4.3 The Central [designated] Nodal Officer for the UAPA shall forward the designated list as mentioned in Para 4(i) above, to all the UAPA Nodal Officers of States/UTs without delay.

4.4 The UAPA Nodal Officer in Foreigners Division of MHA shall forward the designated list as mentioned in Para 4(i) above, to the immigration authorities and security agencies without delay.

4.5 The Regulators of the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs shall forward the list of designated persons as mentioned in Para 4(i) above, to the real estate agents, dealers in precious metals & stones (DPMS) and DNFBPs without delay.

5. Regarding funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or Insurance policies etc.

5.1 The Financial Regulators will issue necessary guidelines to banks, stock exchanges/depositories, intermediaries regulated by the SEBI and insurance companies requiring them -

(i) To maintain updated designated lists in electronic form and run a check on the given parameters on a daily basis to verify whether individuals or entities listed in the Schedule to the Order, hereinafter, referred to as designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of bank accounts, stocks, Insurance policies etc., with them.

(ii) In case, the particulars of any of their customers match with the particulars of designated individuals/entities, the banks, stock exchanges/depositories, intermediaries

regulated by SEBI, insurance companies shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or Insurance policies etc., held by such customer on their books to the Central [designated] Nodal Officer for the UAPA, at Fax No.011-23092551 and also convey over telephone No. 011-23092548. The particulars apart from being sent by post shall necessarily be conveyed on email id: jsctcr-mha@gov.in.

(iii) The banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies shall also send a copy of the communication mentioned in 5.1 (ii) above to the UAPA Nodal Officer of the State/UT where the account is held and to Regulators and FIU-IND, as the case may be, without delay.

(iv) In case, the match of any of the customers with the particulars of designated individuals/entities is beyond doubt, the banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies shall prevent such designated persons from conducting financial transactions, under intimation to the Central [designated] Nodal Officer for the UAPA at Fax No.011-23092551 and also convey over telephone No.011-23092548. The particulars apart from being sent by post should necessarily be conveyed on e-mail id: jsctcr-mha@gov.in, without delay.

(v) The banks, stock exchanges/depositories, intermediaries regulated by SEBI, and insurance companies shall file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts, covered under Paragraph 5.1(ii) above, carried through or attempted as per the prescribed format.

5.2 On receipt of the particulars, as referred to in Paragraph 5 (i) above, the Central [designated] Nodal Officer for the UAPA would cause a verification to be conducted by the State Police and/or the Central Agencies so as to ensure that the individuals/entities identified by the banks, stock exchanges/ depositories, intermediaries and insurance companies are the ones listed as designated individuals/entities and the funds, financial assets or economic resources or related services, reported by banks, stock exchanges/depositories, intermediaries regulated by SEBI and insurance companies are held by the designated individuals/entities. This verification would be completed expeditiously from the date of receipt of such particulars.

5.3 In case, the results of the verification indicate that the properties are owned by or are held for the benefit of the designated individuals/entities, an orders to freeze these assets under Section 51A of the UAPA would be issued by the Central [designated] nodal officer for

the UAPA without delay and conveyed electronically to the concerned bank branch, depository and insurance company under intimation to respective Regulators and FIU-IND. The Central [designated] nodal officer for the UAPA shall also forward a copy thereof to all the Principal Secretaries/Secretaries, Home Department of the States/UTs and all UAPA nodal officers in the country, so that any individual or entity may be prohibited from making any funds, financial assets or economic resources or related services available for the benefit of the designated individuals/ entities or any other person engaged in or suspected to be engaged in terrorism. The Central [designated] Nodal Officer for the UAPA shall also forward a copy of the order to all Directors General of Police/ Commissioners of Police of all States/UTs for initiating action under the provisions of the Unlawful Activities (Prevention) Act, 1967.

The order shall be issued without prior notice to the designated individual/entity.

6. Regarding financial assets or economic resources of the nature of immovable properties:

6.1 The Central [designated] Nodal Officer for the UAPA shall electronically forward the designated list to the UAPA Nodal Officers of all States and UTs with request to have the names of the designated individuals/entities, on the given parameters, verified from the records of the office of the Registrar performing the work of registration of immovable properties in their respective jurisdiction, without delay.

6.2 In case, the designated individuals/entities are holding financial assets or economic resources of the nature of immovable property and if any match with the designated individuals/entities is found, the UAPA Nodal Officer of the State/UT would cause communication of the complete particulars of such individual/entity along with complete details of the financial assets or economic resources of the nature of immovable property to the Central [designated] Nodal Officer for the UAPA without delay at Fax No. 011-23092551 and also convey over telephone No. 011-23092548. The particulars apart from being sent by post would necessarily be conveyed on email id: jsctcr-mha@gov.in .

6.3 The UAPA Nodal Officer of the State/UT may cause such inquiry to be conducted by the State Police so as to ensure that the particulars sent by the Registrar performing the work of registering immovable properties are indeed of these designated individuals/entities. This verification shall be completed without delay and shall be conveyed within 24 hours of the

verification, if it matches with the particulars of the designated individual/entity to the Central [designated] Nodal Officer for the UAPA at the given Fax, telephone numbers and also on the email id.

6.4 The Central [designated] Nodal Officer for the UAPA may also have the verification conducted by the Central Agencies. This verification would be completed expeditiously.

6.5 In case, the results of the verification indicates that the particulars match with those of designated individuals/entities, an order under Section 51A of the UAPA shall be issued by the Central [designated] Nodal Officer for the UAPA without delay and conveyed to the concerned Registrar performing the work of registering immovable properties and to FIU-IND under intimation to the concerned UAPA Nodal Officer of the State/UT.

The order shall be issued without prior notice to the designated individual/entity.

6.6 Further, the UAPA Nodal Officer of the State/UT shall cause to monitor the transactions/ accounts of the designated individual/entity so as to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism. The UAPA Nodal Officer of the State/UT shall, upon becoming aware of any transactions and attempts by third party immediately bring to the notice of the DGP/Commissioner of Police of the State/UT for initiating action under the provisions of the Unlawful Activities (Prevention) Act, 1967.

7. Regarding the real-estate agents, dealers of precious metals/stones (DPMS) and other Designated Non-Financial Businesses and Professions (DNFBPs) and any other person:

(i) The Designated Non-Financial Businesses and Professions (DNFBPs), inter alia, include casinos, real estate agents, dealers in precious metals/stones (DPMS), lawyers/notaries, accountants, company service providers and societies/ firms and non-profit organizations. The list of designated entities/individuals should be circulated to all DNFBPs by the concerned Regulators without delay.

(a) The DNFBPs are required to ensure that if any designated individual/entity approaches them for a transaction or relationship or attempts to undertake such transactions, the dealer

should not carry out such transactions and, without delay, inform the UAPA Nodal officer of the State/UT with details of the funds/assets held and the details of the transaction, who in turn would follow the same procedure as in para 6.2 to 6.6 above. Further, if the dealers hold any assets or funds of the designated individual/entity, either directly or indirectly, they shall freeze the same without delay and inform the UAPA Nodal officer of the State/UT.

(ii) The CBIC shall advise the dealers of precious metals/stones (DPMS) that if any designated individual/entity approaches them for sale/purchase of precious metals/stones or attempts to undertake such transactions the dealer should not carry out such transaction and without delay inform the CBIC, who in turn follow the similar procedure as laid down in the paragraphs 6.2 to 6.5 above.

(iii) The UAPA Nodal Officer of the State/UT shall advise the Registrar of Societies/ Firms/ non-profit organizations that if any designated individual/ entity is a shareholder/ member/ partner/ director/ settler/ trustee/ beneficiary/ beneficial owner of any society/ partnership firm/ trust/ non-profit organization, then the Registrar should inform the UAPA Nodal Officer of the State/UT without delay, who will, in turn, follow the procedure as laid down in the paragraphs 6.2 to 6.5 above. The Registrar should also be advised that no societies/ firms/ non-profit organizations should be allowed to be registered, if any of the designated individual/ entity is a director/ partner/ office bearer/ trustee/ settler/ beneficiary or beneficial owner of such juridical person and in case such request is received, then the Registrar shall inform the UAPA Nodal Officer of the concerned State/UT without delay, who will, in turn, follow the procedure laid down in the paragraphs 6.2 to 6.5 above.

(iv) The UAPA Nodal Officer of the State/UT shall also advise appropriate department of the State/UT, administering the operations relating to Casinos, to ensure that the designated individuals/ entities should not be allowed to own or have beneficial ownership in any Casino operation. Further, if any designated individual/ entity visits or participates in any game in the Casino and/ or if any assets of such designated individual/ entity is with the Casino operator, and of the particulars of any client matches with the particulars of designated individuals/ entities, the Casino owner shall inform the UAPA Nodal Officer of the State/UT without delay, who shall in turn follow the procedure laid down in paragraph 6.2 to 6.5 above.

(v) The Ministry of Corporate Affairs shall issue an appropriate order to the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and

Institute of Company Secretaries of India (ICSI) requesting them to sensitize their respective members to the provisions of Section 51A of UAPA, so that if any designated individual/entity approaches them, for entering/ investing in the financial sector and/or immovable property, or they are holding or managing any assets/ resources of Designated individual/ entities, then the member shall convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.

(vi) The members of these institutes should also be sensitized that if they have arranged for or have been approached for incorporation/ formation/ registration of any company, limited liability firm, partnership firm, society, trust, association where any of designated individual/ entity is a director/ shareholder/ member of a company/ society/ association or partner in a firm or settler/ trustee or beneficiary of a trust or a beneficial owner of a juridical person, then the member of the institute should not incorporate/ form/ register such juridical person and should convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.

(vii) In addition, the member of the ICSI be sensitized that if he/she is Company Secretary or is holding any managerial position where any of designated individual/ entity is a Director and/or Shareholder or having beneficial ownership of any such juridical person then the member should convey the complete details of such designated individual/ entity to UAPA Nodal Officer in the Ministry of Corporate Affairs who shall in turn follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.

(viii) The Registrar of Companies (ROC) may be advised that in case any designated individual/ entity is a shareholder/ director/ whole time director in any company registered with ROC or beneficial owner of such company, then the ROC should convey the complete details of such designated individual/ entity, as per the procedure mentioned in paragraph 8 to 10 above. This procedure shall also be followed in case of any designated individual/ entity being a partner of Limited Liabilities Partnership Firms registered with ROC or beneficial owner of such firms. Further the ROC may be advised that no company or limited liability Partnership firm shall be allowed to be registered if any of the designated individual/ entity is the Director/ Promoter/ Partner or beneficial owner of such company or firm and in case such a request received the ROC should inform the UAPA Nodal Officer in the Ministry of

Corporate Affairs who in turn shall follow the similar procedure as laid down in paragraph 6.2 to 6.5 above.

(ix) Any person, either directly or indirectly, holding any funds or other assets of designated individuals or entities, shall, without delay and without prior notice, cause to freeze any transaction in relation to such funds or assets, by immediately informing the nearest Police Station, which shall, in turn, inform the concerned UAPA Nodal Officer of the State/UT along with the details of the funds/assets held. The concerned UAPA Nodal Officer of the State/UT, would follow the same procedure as in para 6.2 to 6.6 above.

8. Regarding implementation of requests received from foreign countries under U.N. Security Council Resolution 1373 of 2001:

8.1 The U.N. Security Council Resolution No.1373 of 2001 obligates countries to freeze without delay the funds or other assets of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts; of entities owned or controlled directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds or other assets derived or generated from property owned or controlled, directly or indirectly, by such persons and associated persons and entities. Each individual country has the authority to designate the persons and entities that should have their funds or other assets frozen. Additionally, to ensure that effective cooperation is developed among countries, countries should examine and give effect to, if appropriate, the actions initiated under the freezing mechanisms of other countries.

8.2 To give effect to the requests of foreign countries under the U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign countries and forward it electronically, with their comments, to the Central [designated] Nodal Officer for the UAPA for freezing of funds or other assets.

8.3 The Central [designated] Nodal Officer for the UAPA shall cause the request to be examined without delay, so as to satisfy itself that on the basis of applicable legal principles, the requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the Nodal Officers in Regulators, FIU-IND and to the Nodal Officers of the States/UTs. The proposed designee, as mentioned above would be treated as designated individuals/entities.

9. Upon receipt of the requests by these Nodal Officers from the Central [designated] Nodal Officer for the UAPA, the similar procedure as enumerated at paragraphs 5 and 6 above shall be followed.

The freezing orders shall be issued without prior notice to the designated persons involved.

10. **Regarding exemption, to be granted to the above orders in accordance with UNSCR 1452.**

10.1 The above provisions shall not apply to funds and other financial assets or economic resources that have been determined by the Central [designated] nodal officer of the UAPA to be:-

(a) necessary for basic expenses, including payments for foodstuff, rent or mortgage, medicines and medical treatment, taxes, insurance premiums and public utility charges, or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services or fees or service charges for routine holding or maintenance of frozen funds or other financial assets or economic resources, after notification by the MEA of the intention to authorize, where appropriate, access to such funds, assets or resources and in the absence of a negative decision within 48 hours of such notification;

(b) necessary for extraordinary expenses, provided that such determination has been notified by the MEA;

10.2. The addition may be allowed to accounts of the designated individuals/ entities subject to the provisions of paragraph 10 of:

(a) interest or other earnings due on those accounts, or

(b) payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of resolutions 1267 (1999), 1333 (2000), or 1390 (2002),

The Jammu Co-op. Bank Ltd.

Provided that any such interest, other earnings and payments continue to be subject to those provisions;

10.3 (a): The designated individual or organization may submit a request to the Central [Designated] Nodal Officer for UAPA under the provisions of Para 10.1 above. The Central [Designated] Nodal Officer for UAPA may be approached by post at "Joint Secretary (CTCR), North Block, New Delhi – 110001" or through email to jsctcr-mha@gov.in"

(b): The Central [Designated] Nodal Officer for UAPA shall examine such requests, in consultation with the Law Enforcement Agencies and other Security Agencies and Intelligence Agencies and, if accepted, communicate the same, if applicable, to the Ministry of External Affairs, Government of India for notifying the committee established pursuant to UNSC Resolution 1267 (1999) of the intention to authorize, access to such funds, assets or resources in terms of Para 10.1 above.

11. Regarding procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person:

11.1 Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, they shall move an application giving the requisite evidence, in writing, to the concerned bank, stock exchanges/ depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the UAPA Nodal Officers of State/UT.

11.2 The banks, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the State/ UT Nodal Officers shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the Central [designated] Nodal Officer for the UAPA as per the contact details given in Paragraph 3.1 above, within two working days.

Angel One Consulting Pvt. Ltd.

11.3 The Central [designated] Nodal Officer for the UAPA shall cause such verification, as may be required on the basis of the evidence furnished by the individual/entity, and, if satisfied, he/she shall pass an order, without delay, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under intimation to the concerned bank, stock exchanges/depositories, intermediaries regulated by SEBI, insurance company, Registrar of Immovable Properties, ROC, Regulators of DNFBPs and the UAPA Nodal Officer of State/UT. However, if it is not possible for any reason to pass an Order unfreezing the assets within 5 working days, the Central [designated] Nodal Officer for the UAPA shall inform the applicant expeditiously.

11A. Regarding procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/organisations in the event of delisting by the UNSCR 1267 (1999), 1988 (2011) and 1989 (2011) Committee

Upon making an application in writing by the concerned individual/organisation, to the concerned bank, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, RoC, Regulators of DNFBPs, Department of Posts and the UAPA Nodal Officers of all States/UTs., who in turn shall forward the application along with the full details of the assets frozen to the Central [Designated] Nodal Officer for UAPA within two working days. The Central [Designated] Nodal Officer for UAPA shall examine the request in consultation with the Law Enforcement Agencies and other Security Agencies and Intelligence Agencies and cause such verification as may be required and if satisfied, shall pass an order, without delay, unfreezing the funds, financial assets or economic resources or related services owned or held by the applicant under intimation to concerned bank, stock exchanges/ depositories, intermediaries regulated by SEBI, insurance companies, Registrar of Immovable Properties, RoC, Regulators of DNFBPs, Department of Posts and the UAPA Nodal Officers of all States/UTs.

12. Regarding prevention of entry into or transit through India:

12.1 As regards prevention of entry into or transit through India of the designated individuals, the UAPA Nodal Officer in the Foreigners Division of MHA, shall forward the designated lists to the immigration authorities and security agencies with a request

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to prevent the entry into or the transit through India. The order shall take place without prior notice to the designated individuals/entities.

12.2 The immigration authorities shall ensure strict compliance of the order and also communicate the details of entry or transit through India of the designated individuals as prevented by them to the UAPA Nodal Officer in Foreigners Division of MHA.

13. **Procedure for communication of compliance of action taken under Section 51A:** The Central [designated] Nodal Officer for the UAPA and the Nodal Officer in the Foreigners Division, MHA shall furnish the details of funds, financial assets or economic resources or related services of designated individuals/entities frozen by an order, and details of the individuals whose entry into India or transit through India was prevented, respectively, to the Ministry of External Affairs for onward communication to the United Nations.

14. **Communication of the Order issued under Section 51A of Unlawful Activities (Prevention) Act, 1967:** The order issued under Section 51A of the Unlawful Activities (Prevention) Act, 1967 by the Central [designated] Nodal Officer for the UAPA relating to funds, financial assets or economic resources or related services, shall be communicated to all the UAPA nodal officers in the country, the Regulators of Financial Services, FIU-IND and DNFBPs, banks, depositories/stock exchanges, intermediaries regulated by SEBI, Registrars performing the work of registering immovable properties through the UAPA Nodal Officer of the State/UT.

15. All concerned are requested to ensure strict compliance of this order.

(Ashutosh Agnihotri)

Joint Secretary to the Government of India

To,

1) Governor, Reserve Bank of India, Mumbai
2) Chairman, Securities & Exchange Board of India, Mumbai
3) Chairman, Insurance Regulatory and Development Authority, Hyderabad.

The Jain Co-operative Bank Ltd.

4) Foreign Secretary, Ministry of External Affairs, New Delhi.
5) Finance Secretary, Ministry of Finance, New Delhi.
6) Revenue Secretary, Department of Revenue, Ministry of Finance, New Delhi.
7) Secretary, Ministry of Corporate Affairs, New Delhi
8) Chairman, Central Board of Indirect Taxes & Customs, New Delhi.
9) Director, Intelligence Bureau, New Delhi.
10) Additional Secretary, Department of Financial Services, Ministry of Finance, New Delhi.
11) Chief Secretaries of all States/Union Territories
12) Principal Secretary (Home)/Secretary (Home) of all States/ Union Territories
13) Directors General of Police of all States & Union Territories
14) Director General of Police, National Investigation Agency, New Delhi. 15) Commissioner of Police, Delhi.
16) Joint Secretary (Foreigners), Ministry of Home Affairs, New Delhi.
17) Joint Secretary (Capital Markets), Department of Economic Affairs, Ministry of Finance, New Delhi.
18) Joint Secretary (Revenue), Department of Revenue, Ministry of Finance, New Delhi.
19) Director (FIU-IND), New Delhi.

Copy for information to: -

1. Sr. PPS to HS
2. PS to SS (IS)

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Annex – II

F.No.P - 12011/14/2022-ES Cell-DOR
Government of India Ministry of Finance
Department of Revenue
***

New Delhi, dated the 1st September, 2023

ORDER

Subject: - Procedure for implementation of Section 12A of "The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005" .

Section 12A of The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 [hereinafter referred to as 'the Act'] reads as under: -

"*12A. (1) No person shall finance any activity which is prohibited under this Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems.*

(2) For prevention of financing by any person of any activity which is prohibited under this Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems, the Central Government shall have power to—

a) *freeze, seize or attach funds or other financial assets or economic resources—*

i. *owned or controlled, wholly or jointly, directly or indirectly, by such person; or*
ii. *held by or on behalf of, or at the direction of, such person; or*

iii. *derived or generated from the funds or other assets owned or controlled, directly or indirectly, by such person;*

prohibit any person from making funds, financial assets or economic resources or related services available for the benefit of persons related to any activity which is prohibited under this

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Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems.

(3) The Central Government may exercise its powers under this section through any authority who has been assigned the power under sub-section (1) of section 7."

II In order to ensure expeditious and effective implementation of the provisions of Section 12A of the Act, the procedure is outlined below.

1. Appointment and communication details of Section 12A Nodal Officers:

1.1 In exercise of the powers conferred under Section 7(1) of the Act, the Central Government assigns Director, FIU-India, Department of Revenue, Ministry of Finance, as the authority to exercise powers under Section 12A of the Act. The Director, FIU-India shall be hereby referred to as the Central Nodal Officer (CNO) for the purpose of this order. **[Telephone Number: 011-23314458, 011- 23314435, 011-23314459 (FAX), email address: dir@fiuindia.gov.in].**

1.2 **Regulator** under this order shall have the same meaning as defined in Rule 2(fa) of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. **Reporting Entity (RE)** shall have the same meaning as defined in Section 2 (1) (wa) of Prevention of Money-Laundering Act, 2002. DNFPBs is as defined in section 2(1) (sa) of Prevention of Money-Laundering Act, 2002.

1.3 The Regulators, Ministry of Corporate Affairs and Foreigners Division of MHA shall notify a Nodal Officer for implementation of provisions of Section 12A of the Act. The Regulator may notify the Nodal Officer appointed for implementation of provisions of Section 51A of UAPA, also, as the Nodal Officer for implementation of Section 12A of the Act. All the States and UTs shall notify a State Nodal officer for implementation of Section 12A of the Act. A State/UT may notify the State Nodal Officer appointed for implementation of provisions of Section 51A of UAPA, also, as the Nodal Officer for implementation of Section 12A of the Act.

1.4 The CNO shall maintain an updated list of all Nodal Officers, and share the updated list with all Nodal Officers periodically. The CNO shall forward the updated list of all Nodal Officers to all REs.

2. Communication of the lists of designated individuals/entities:

2.1 The Ministry of External Affairs will electronically communicate, without delay, the changes

made in the list of designated individuals and entities (hereinafter referred to as 'designated list') in line with section 12A (1) to the CNO and Nodal officers.

2.1.1 Further, the CNO shall maintain the Designated list on the portal of FIU-India. The list would be updated by the CNO, as and when it is updated, as per para 2.1 above, without delay. It shall make available for all Nodal officers, the State Nodal Officers, and to the Registrars performing the work of registration of immovable properties, either directly or through State Nodal Officers, without delay.

2.1.2 The Ministry of External Affairs may also share other information relating to prohibition / prevention of financing of prohibited activity under Section 12A (after its initial assessment of the relevant factors in the case) with the CNO and other organizations concerned, for initiating verification and suitable action.

2.1.3 The Regulators shall make available the updated designated list, without delay, to their REs. The REs will maintain the designated list and update it, without delay, whenever changes are made as per para 2.1 above.

2.2 The Nodal Officer for Section 12A in Foreigners Division of MHA shall forward the updated designated list to the immigration authorities and security agencies, without delay.

3. Regarding funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or insurance policies, etc.

3.1 All Financial Institutions shall –

i. Verify if the particulars of the entities/individual, party to the financial transactions, match with the particulars of designated list and in case of match, REs shall not carry out such transaction and shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved *to* the CNO by email, FAX and by post, without delay.

ii. Run a check, on the given parameters, at the time of establishing a relation with a customer and on a periodic basis to verify whether individuals and entities in the designated list are holding any funds, financial assets or economic resources or related services, in the form of bank accounts, stocks, Insurance policies etc. In case, the particulars of any of their customers match with the particulars of designated list, REs shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the

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form of bank accounts, stocks or insurance policies etc., held on their books *to* the CNO by email, FAX and by post, without delay.

iii. The REs shall also send a copy of the communication, mentioned in 3.1 (i) and (ii) above, *to* State Nodal Officer, where the account/transaction is held, and to their Regulator, as the case may be, without delay.

iv. In case there are reasons to believe beyond doubt that funds or assets held by a customer would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A, REs shall prevent such individual/entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post , without delay.

3.2 On receipt of the particulars, as referred to in Paragraph 3.1 above, the CNO would cause a verification to be conducted by the State Police and/or the Central Agencies so as to ensure that the individuals/entities identified by the REs are the ones in designated list and the funds, financial assets or economic resources or related services, reported by REs are in respect of the designated individuals/entities. This verification would be completed expeditiously from the date of receipt of such particulars.

3.3 In case, the results of the verification indicate that the assets are owned by, or are held for the benefit of, the designated individuals/entities, an order to freeze these assets under Section 12A would be issued by the CNO without delay and be conveyed electronically to the concerned RE under intimation to respective Regulators. The CNO shall also forward a copy thereof to all the Principal Secretaries/Secretaries, Home Department of the States/UTs and All Nodal officers in the country, so that any individual or entity may be prohibited from making any funds, financial assets or economic resources or related services available for the benefit of the designated individuals / entities. The CNO shall also forward a copy of the order to all Directors General of Police/ Commissioners of Police of all States/UTs for initiating suitable action.

3.4 The order shall be issued without prior notice to the designated individual/entity.

4. Regarding financial assets or economic resources of the nature of immovable properties:

4.1 The Registrars performing work of registration of immovable properties shall --

i. Verify if the particulars of the entities/individual, party to the transactions, match with the

particulars of the designated list, and, in case of match, shall not carry out such transaction and immediately inform the details with full particulars of the assets or economic resources involved *to* the State Nodal Officer, without delay.

ii. Verify from the records in their respective jurisdiction, without delay, on given parameters, if the details match with the details of the individuals and entities in the designated list. In case, the designated individuals/entities are holding financial assets or economic resources of the nature of immovable property, and if any match with the designated individuals/entities is found, the Registrar shall immediately inform the details with full particulars of the assets or economic resources involved *to* the State Nodal Officer, without delay.

iii. In case there are reasons to believe beyond doubt that assets that are held by an individual/entity would fall under the purview of clause (a) or (b) of sub-section (2) of Section 12A, Registrar shall prevent such individual/entity from conducting transactions, under intimation to the State Nodal Officer by email, FAX and by post, without delay.

4.2 the State Nodal Officer would cause communication of the complete particulars of such individual/entity along with complete details of the financial assets or economic resources to the CNO without delay by email, FAX and by post.

4.3 The State Nodal Officer may cause such inquiry to be conducted by the State Police so as to ensure that the particulars sent are indeed of these designated individuals/entities. This verification shall be completed without delay and shall be conveyed, within 24 hours of the verification, if it matches, with the particulars of the designated individual/entity, to the CNO without delay by email, FAX and by post.

4.4 The CNO may also have the verification conducted by the Central Agencies. This verification would be completed expeditiously.

4.5 In case, the results of the verification indicate that the assets are owned by, or are held for the benefit of, the designated individuals/entities, an order to freeze these assets under Section 12A would be issued by the CNO without delay and be conveyed electronically to the concerned Registrar performing the work of registering immovable properties, and to FIU under intimation to the concerned State Nodal Officer. The CNO shall also forward a copy thereof to all the Principal Secretaries/Secretaries, Home Department of the States/UTs and All Nodal officers in the country, so that any individual or entity may be prohibited from making any funds, financial assets or

economic resources or related services available for the benefit of the designated individuals / entities. The CNO shall also forward a copy of the order to all Directors General of Police/ Commissioners of Police of all States/UTs for initiating suitable action.

4.6 The order shall be issued without prior notice to the designated individual/entity.

5. Regarding the real-estate agents, dealers of precious metals/stones (DPMS), Registrar of Societies/ Firms/ non-profit organizations, The Ministry of Corporate Affairs and Designated Non-Financial Businesses and Professions (DNFBPs):

(i) The dealers of precious metals/stones (DPMS) as notified under PML (Maintenance of Records) Rules, 2005 and Real Estate Agents, as notified under clause (vi) of Section 2(1) (sa) of Prevention of Money-Laundering Act, 2002, are required to ensure that if any designated individual/entity approaches them for sale/purchase of precious metals/stones/Real Estate Assets or attempts to undertake such transactions, the dealer should not carry out such transaction and, without delay, inform the Section 12A Nodal officer in the Central Board of Indirect Taxes and Customs (CBIC). Also, If the dealers hold any assets or funds of the designated individual/entity, they shall freeze the same without delay and inform the Section 12A Nodal officer in the CBIC, who will, in turn, follow procedure similar to as laid down for State Nodal Officer in the paragraphs 4.2 to 4.6.

(ii) Registrar of Societies/ Firms/ non-profit organizations are required to ensure that if any designated individual/ entity is a shareholder/ member/ partner/ director/ settler/ trustee/ beneficiary/ beneficial owner of any society/ partnership firm/ trust/ non-profit organization, then the Registrar shall freeze any transaction for such designated individual/ entity and shall inform the State Nodal Officer, without delay, and, if such society/ partnership firm/ trust/ non-profit organization holds funds or assets of designated individual/ entity, follow the procedure as laid down for State Nodal Officer in the paragraphs 4.2 to 4.6 above. The Registrar should also ensure that no societies/ firms/ non-profit organizations should be allowed to be registered if any of the designated individual/ entity is a director/ partner/ office bearer/ trustee/ settler/ beneficiary or beneficial owner of such juridical person and, in case, such request is received, then the Registrar shall inform the State Nodal Officer, without delay.

(iii) The State Nodal Officer shall also advise appropriate department of the State/UT, administering the operations relating to Casinos, to ensure that the designated individuals/ entities should not be

allowed to own or have beneficial ownership in any Casino operation. Further, if any designated individual/ entity visits or participates in any game in the Casino or if any assets of such designated individual/ entity are with the Casino operator, or if the particulars of any client match with the particulars of designated individuals/ entities, the Casino owner shall inform the State Nodal Officer, without delay, and shall freeze any such transaction.

(iv) The Ministry of Corporate Affairs shall issue an appropriate order to the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India (ICSI), requesting them to sensitize their respective members to the provisions of Section 12A, so that, if any designated individual/entity approaches them, for entering/ investing in the financial sector and/or immovable property, or they are holding or managing any assets/ resources of designated individual/ entities, then the member shall convey the complete details of such designated individual/ entity to Section 12A Nodal Officer in the Ministry of Corporate Affairs, who shall in turn follow the similar procedure as laid down for State Nodal Officer in paragraph 4.2 to 4.6 above.

(v) The members of these institutes should also be sensitized by the Institute of Chartered Accountants of India, Institute of Cost and Work Accountants of India and Institute of Company Secretaries of India (ICSI) that if they have arranged for or have been approached for incorporation/ formation/ registration of any company, limited liability firm, partnership firm, society, trust, association where any designated individual/ entity is a director/ shareholder/ member of a company/ society/ association or partner in a firm or settler/ trustee or beneficiary of a trust or a beneficial owner of a juridical person, then the member of the institute should not incorporate/ form/ register such juridical person and should convey the complete details of such designated individual/ entity to Section 12A Nodal Officer in the Ministry of Corporate Affairs.

(vi) In addition, a member of the ICSI shall, if he/she is Company Secretary or is holding any managerial position where any of designated individual/ entity is a Director and/or Shareholder or having beneficial ownership of any such juridical person, convey the complete details of such designated individual/ entity to Section 12A Nodal Officer in the Ministry of Corporate Affairs, who shall follow the similar procedure as laid down in paragraph 4.2 to 4.6 above for State Nodal Officer, if such company, limited liability firm, partnership firm, society, trust, or association holds funds or assets of the designated individual/entity.

(vii) In case any designated individual/ entity is a shareholder/ director/ whole time director in any company registered with the Registrar of Companies (ROC) or beneficial owner of such

company or partner in a Limited Liabilities Partnership Firm registered with ROC or beneficial owner of such firm, the ROC should convey the complete details of such designated individual/ entity to section 12A Nodal officer of Ministry of Corporate Affairs. If such company or LLP holds funds or assets of the designated individual/ entity, he shall follow the similar procedure as laid down in paragraph 4.2 to 4.6 above for State Nodal Officer. Further the ROCs are required to ensure that no company or limited liability Partnership firm shall be allowed to be registered if any of the designated individual/ entity is the Director/ Promoter/ Partner or beneficial owner of such company or firm, and in case such a request is received, the ROC should inform the Section 12A Nodal Officer in the Ministry of Corporate Affairs.

(viii) All communications to Nodal officer as enunciated in subclauses (i) to (vii) above should, inter alia, include the details of funds and assets held and the details of transaction.

(ix) The Other DNBPs are required to ensure that if any designated individual/entity approaches them for a transaction or relationship or attempts to undertake such transactions, the dealer should not carry out such transaction and, without delay, inform the Section 12A Central Nodal officer. The communication to the Central Nodal Officer would include the details of funds and assets held and the details of the transaction. Also, If the dealers hold any assets or funds of the designated individual/entity, they shall freeze the same without delay and inform the Section 12A Central Nodal officer.

(DNFBPs shall have the same meaning as the definition in Section 2(1) (sa) of Prevention of Money-Laundering Act,2002.)

5.1. All Natural and legal persons holding any funds or other assets of designated persons and entities, shall, without delay and without prior notice, freeze any transaction in relation to such funds or assets and shall immediately inform the State Nodal officer along with details of the funds/assets held, who in turn would follow the same procedure as in para 4.2 to 4.6 above for State Nodal Officer. This obligation should extend to all funds or other assets that are owned or controlled by the designated person or entity, and not just those that can be tied to a particular act, plot or threat of proliferation; those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by designated persons or entities; and the funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons or entities, as well as funds or other assets of persons and entities acting on behalf of, or at the direction of designated persons or entities.

5.2 No person shall finance any activity related to the 'designated list' referred to in Para 2.1, except in cases where exemption has been granted as per Para 6 of this Order.

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5.3. Further, the State Nodal Officer shall cause to monitor the transactions / accounts of the designated individual/entity so as to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities in the designated list. The State Nodal Officer shall, upon becoming aware of any transactions and attempts by third party, without delay, bring the incidence to the notice of the CNO and the DGP/Commissioner of Police of the State/UT for initiating suitable action.

5.4 Where the CNO has reasons to believe that any funds or assets are violative of Section 12A (1) or Section 12A (2)(b) of the Act, he shall, by order, freeze such funds or Assets, without any delay, and make such order available to authorities, Financial Institutions, DNFBPs and other entities concerned.

5.5 The CNO shall also have the power to issue advisories and guidance to all persons, including FIs and DNFBPs obligated to carry out sanctions screening. The concerned Regulators shall take suitable action under their relevant laws, rules or regulations for each violation of sanction screening obligations under section 12A of the WMD Act.

6. Regarding exemption, to be granted to the above orders

6.1. The above provisions shall not apply to funds and other financial assets or economic resources that have been determined by the CNO to be: -

(a) necessary for basic expenses, including payments for foodstuff, rent or mortgage,

medicines and medical treatment, taxes, insurance premiums and public utility charges, or exclusively for payment of reasonable professional fees and reimbursement of incurred expenses associated with the provision of legal services or fees or service charges for routine holding or maintenance of frozen funds or other financial assets or economic resources, consequent to notification by the MEA authorizing access to such funds, assets or resources.

This shall be consequent to notification by the MEA to the UNSC or its Committee, of the intention to authorize access to such funds, assets or resources, and in the absence of a negative decision by the UNSC or its Committee within 5 working days of such notification.

(b) necessary for extraordinary expenses, provided that such determination has been notified by the MEA to the UNSC or its Committee, and has been approved by the UNSC or its Committee;

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6.2. The accounts of the designated individuals/ entities may be allowed to be credited with:

(a) interest or other earnings due on those accounts, or

(b) payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the provisions of section 12A of the Act.

Provided that any such interest, other earnings and payments continue to be subject to those provisions under para 3.3;

6.3 Any freezing action taken related to the designated list under this Order should not prevent a designated individual or entity from making any payment due under a contract entered into prior to the listing of such individual or entity, provided that:

(i) the CNO has determined that the contract is not related to any of the prohibited goods, services, technologies, or activities, under this Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems;

(ii) the CNO has determined that the payment is not directly or indirectly received by an individual or entity in the designated list under this Order; and

(iii) the MEA has submitted prior notification to the UNSC or its Committee, of the intention to make or receive such payments or to authorise, where appropriate, he unfreezing of funds, other financial assets or economic resources for this purpose, ten working days prior to such authorization

7. Regarding procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the individual or entity is not a designated person or no longer meet the criteria for designation:

7.1 Any individual/entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held has been inadvertently frozen, an application may be moved giving the requisite evidence, in writing, to the relevant RE/Registrar of Immovable Properties/ ROC/Regulators and the State.

7.2 The RE/Registrar of Immovable Properties/ROC/Regulator and the State Nodal Officer shall inform, and forward a copy of the application, together with full details of the asset frozen, as given

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by applicant to the CNO by email, FAX and by Post, within two working days. Also, listed persons and entities may petition a request for delisting at the Focal Point Mechanism established under UNSC Resolution.

7.3 The CNO shall cause such verification, as may be required on the basis of the evidence furnished by the individual/entity, and, if satisfied, it shall pass an order, without delay, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under intimation to all RE/Registrar of Immovable Properties/ROC/Regulators and the State Nodal Officer. However, if it is not possible, for any reason, to pass an Order unfreezing the assets within 5 working days, the CNO shall inform the applicant expeditiously.

7.4 The CNO shall, based on de-listing of individual and entity under UN Security Council Resolutions, shall pass an order, if not required to be designated in any other order, without delay, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under intimation to all RE/Registrar of Immovable Properties/ROC/Regulators and the State Nodal Officer.

8. **Procedure for communication of compliance of action taken under Section 12A:** The CNO and the Nodal Officer in the Foreigners Division, MHA shall furnish the details of funds, financial assets or economic resources or related services of designated individuals/entities, frozen by an order, and details of the individuals whose entry into India or transit through India was prevented, respectively, to the Ministry of External Affairs, for onward communication to the United Nations.

9. **Communication of the Order issued under Section 12A:** The Order issued under Section 12A of the Act by the CNO relating to funds, financial assets or economic resources or related services, shall be communicated to all nodal officers in the country.

10. This order is issued in suppression of F.No.P-12011/14/2022-ES Cell-DOR, dated 30th January 2023.

11. All concerned are requested to ensure strict compliance of this order.

(Manoj Kumar Singh)
Director (HQ)

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To,

1) Governor, Reserve Bank of India, Mumbai

2) Chairman, Securities & Exchange Board of India, Mumbai

3) Chairman, Insurance Regulatory and Development Authority, Hyderabad.

4) Foreign Secretary, Ministry of External Affairs, New Delhi.

5) Finance Secretary, Ministry of Finance, New Delhi.

6) Revenue Secretary, Department of Revenue, Ministry of Finance, New Delhi.

7) Secretary, Ministry of Corporate Affairs, New Delhi

8) Chairman, Central Board of Indirect Taxes & Customs, New Delhi.

9) Director, Intelligence Bureau, New Delhi.

10) Additional Secretary, Department of Financial Services, Ministry of Finance, New Delhi.

11) Chief Secretaries of all States/Union Territories

12) Principal Secretary (Home)/Secretary (Home) of all States/ Union Territories

13) Directors General of Police of all States & Union Territories

14) Director General of Police, National Investigation Agency, New Delhi.

15) Commissioner of Police, Delhi.

16) Joint Secretary (Foreigners), Ministry of Home Affairs, New Delhi.

17) Joint Secretary (Capital Markets), Department of Economic Affairs, Ministry of Finance, New Delhi.

18) Joint Secretary (Revenue), Department of Revenue, Ministry of Finance, New Delhi.

19) Director (FIU-IND), New Delhi.

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Annex III

KYC documents for eligible FPIs under PIS

Document Type		FPI Type		
		Category I	**Category II**	**Category III**
Entity Level	Constitutive Documents (Memorandum and Articles of Association, Certificate of Incorporation etc.)	Mandatory	Mandatory	Mandatory
	Proof of Address	Mandatory (Power of Attorney {PoA} mentioning the address is acceptable as address proof)	Mandatory (Power of Attorney mentioning the address is acceptable as address proof)	Mandatory other than Power of Attorney
	PAN [33]	Mandatory	Mandatory	Mandatory
	FinancialData	Exempted *	Exempted *	Mandatory
	SEBI Registration Certificate	Mandatory	Mandatory	Mandatory
	Board Resolution@@	Exempted *	Mandatory	Mandatory
Senior Management (Whole Time Directors/ Partners/ Trustees/ etc.)	List	Mandatory	Mandatory	Mandatory
	Proof of Identity	Exempted *	Exempted *	Entity declares* on letter head full name, nationality, date of birth or submits photo identity proof
	Proof of Address	Exempted *	Exempted *	Declaration on Letter Head *
	Photographs	Exempted	Exempted	Exempted *

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Authorized Signatories	List and Signatures	Mandatory – listof Global Custodian signatories can be given in case of PoA to Global Custodian	Mandatory - list of Global Custodian signatories can be given in cascof PoA to GlobalCustodian	Mandatory
	Proof of Identity	Exempted *	Exempted *	Mandatory
	Proof of Address	Exempted *	Exempted *	Declaration on Letter Head *
	Photographs	Exempted	Exempted	Exempted *
Ultimate Beneficial Owner (UBO)	List	Exempted *	Mandatory (can declare "no UBO over 25%")	Mandatory
	Proof of Identity	Exempted *	Exempted *	Mandatory
	Proof of Address	Exempted *	Exempted *	Declaration on Letter Head *
	Photographs	Exempted	Exempted	Exempted *

* Not required while opening the bank account. However, FPIs concerned may submit an undertaking that upon demand by Regulators/Law Enforcement Agencies the relative document/s would be submitted to the bank.

@@ FPIs from certain jurisdictions where the practice of passing Board Resolution for the purpose of opening bank accounts etc. is not in vogue, may submit 'Power of Attorney granted to Global Custodian/Local Custodian in lieu of Board Resolution'

Category	Eligible Foreign Investors
I.	Government and Government related foreign investors such as Foreign Central Banks, Governmental Agencies, Sovereign Wealth Funds, International/ Multilateral Organizations/ Agencies.
II.	a) Appropriately regulated broad based funds such as Mutual Funds, Investment Trusts, Insurance /Reinsurance Companies, Other Broad Based Funds etc. b) Appropriately regulated entities such as Banks, Asset Management Companies, Investment Managers/Advisors, Portfolio Managers etc. c) Broad based funds whose investment manager is appropriately regulated. d) University Funds and Pension Funds. e) University related Endowments already registered with SEBI as FII/Sub

	Account.
III.	All other eligible foreign investors investing in India under PIS route not eligible under Category I and II such as Endowments, Charitable Societies/Trust, Foundations, Corporate Bodies, Trusts, Individuals, Family Offices, etc.

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