



KYC AND AML POLICY 2024

Version 3.00 Approved vide DBR/2024-25

Dept CS-09 **Policy no.** SPFSL/Policy No.24/CS-09 **Approval date** 05.08.2024

The Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, form the legal framework on Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT). In terms of the provisions of the PML Act, 2002 and the PML Rules, 2005, as amended from time to time by the Government of India, Regulated Entities (REs) are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions. Supra Pacific Financial Services Limited will adhere to all the directions relevant to NBFCs. Anything not mentioned in this policy will be as per the directions of regulators from time to time.

Reserve Bank of India, issued the Directions hereinafter specified.

1. Short Title and Commencement.

- a. These Directions shall be called the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016.

2. Applicability

- (a) The provisions of these RBI Directions shall apply to M/s Supra Pacific Financial Services Ltd being a base layer NBFC.

3. Definitions

- (a) Terms bearing meaning assigned in terms of Prevention of Money-Laundering Act, 2002 and the

- ▶ “Act” and “Rules” means the Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records)
- ▶ “Authentication”, in the context of Aadhaar authentication, means the process as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.
- ▶ 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.

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 percent of capital or profits of the partnership or who exercises control through other means..

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

d. Where the customer is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10 percent 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.

- ▶ “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.
- ▶ “Designated Director” means a person designated by the RE to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and shall include:
- ▶ The Managing Director or a whole-time Director, duly authorized by the Board of Directors, if the RE is a company,

- ▶ “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 RE as per the provisions contained in the Act.
- ▶ “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).
- ▶ “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.
- ▶ Know Your Client (KYC) Identifier” means the unique number or code assigned to a customer by the Central KYC Records Registry.
- ▶ “Officially Valid Document” (OVD) means the passport, the driving licence, 16proof of possession of Aadhaar number, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address.

Provided that,

- a. where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form as are issued by the Unique Identification Authority of India.
- b. where the OVD furnished by the customer does not have updated address, the following documents or the equivalent e-documents thereof shall be deemed to be OVDs for the limited purpose of proof of address: -

- i. Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- ii. Property or Municipal tax receipt;
- iii. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if
- 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

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.

- ▶ “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).
- ▶ “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).

- ▶ “Principal Officer” means an officer at the management level nominated by the RE, responsible for furnishing information as per rule 8 of the Rules.
- ▶ “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.
- ▶ “Transaction” means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:
 - a. Opening of an account;
 - b. Deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;
 - c. The use of a safety deposit box or any other form of safe deposit;
 - d. Entering into any fiduciary relationship;
 - e. Any payment made or received, in whole or in part, for any contractual or other legal obligation; or
 - f. Establishing or creating a legal person or legal arrangement.
- ▶ “Customer” means a person who is engaged in a financial transaction or activity with a Regulated Entity (RE) and includes a person on whose behalf the person who is engaged in the transaction or activity, is
- ▶ “Walk-in Customer” means a person who does not have an account-based relationship with the RE, but undertakes transactions with the RE.

- ▶ “Customer Due Diligence (CDD)” means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification.

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

- a. 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;
 - b. Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;
 - c. 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.
- a) “Customer identification” means undertaking the process of CDD.
 - b) “KYC Templates” means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities.
 - c) “Non-face-to-face customers” means customers who open accounts without visiting the branch/offices of the Supra Pacific or meeting the officials of Supra Pacific.
 - d) “On-going Due Diligence” means regular monitoring of transactions in accounts to ensure that those are consistent with RE’s knowledge about the customers, customers’ business and risk profile, the source of funds / zwealth.
 - e) “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.

- f) "Regulated Entities" (REs) includes all NBFCs
- g) 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.
- h) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1935, the Prevention of Money Laundering Act, 2002, the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 and regulations made thereunder, any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

4. (a) There shall be a **Know Your Customer (KYC) policy** duly approved by the Board of Directors of Supra Pacific

(b) In terms of PML Rules, groups are required to implement group-wide policies for the purpose of discharging obligations under the provisions of Chapter IV of the PML Act, 2002. (15 of 2003). Accordingly, every RE which is part of a group, shall implement group-wide programmes against money laundering and terror financing, including group-wide policies for sharing information required for the purposes of client due diligence and money laundering and terror finance risk management and such programmes shall include adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.

(c) Supra Pacific 's policy framework should 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, Supra Pacific may also consider adoption of best international practices taking into account the FATF standards and FATF guidance notes, for managing risks better.

5. This KYC policy include following four key elements:

- a. Customer Acceptance Policy;
- b. Risk Management;
- c. Customer Identification Procedures (CIP); and
- d. Monitoring of Transactions

5A. Money Laundering and Terrorist Financing Risk Assessment by

Supra Pacific:

(a) Supra Pacific 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.

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, Supra Pacific shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with Supra Pacific from time to time.

(b) The risk assessment by the RE shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the RE. Further, the periodicity of risk assessment exercise shall be determined by the Board or any committee of the Board of the RE to which power in this regard has been delegated, in alignment with the outcome of the risk assessment exercise. However, it should be reviewed at least annually.

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

5B. Supra Pacific shall apply a **Risk Based Approach (RBA)** for mitigation and management of the risks (identified on their own or through national risk assessment) and should have Board approved policies, controls and procedures in this regard. Supra Pacific shall implement a CDD programme, having regard to the ML/TF risks identified and the size of business. Further, Supra Pacific shall monitor the implementation of the controls and enhance them if necessary.

6. Designated Director:

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

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

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

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

7. Principal Officer:

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

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

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

8. Compliance of KYC policy

(a) Supra Pacific shall ensure compliance with KYC Policy through:

- i. Specifying as to who constitute 'Senior Management' for the purpose of KYC compliance.
- ii. Allocation of responsibility for effective implementation of policies and procedures.
- iii. Independent evaluation of the compliance functions of REs' policies and procedures, including legal and regulatory requirements.
- iv. Concurrent/internal audit system to verify the compliance with KYC/AML policies and procedures.
- v. Submission of quarterly audit notes and compliance to the Audit Committee.

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

Customer Acceptance Policy

9. As per RBI direction this Customer Acceptance Policy is framed by us

10. Without prejudice to the generality of the aspect that Customer Acceptance Policy may contain, Supra Pacific shall ensure that:

- a. No account is opened in anonymous or fictitious/benami name.
- b. No account is opened where Supra Pacific is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer. The RE shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.
- c. No transaction or account-based relationship is undertaken without following the CDD procedure.
- d. The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.

- e. Additional information, where such information requirement has not been specified in the internal KYC Policy of Supra Pacific is obtained with the explicit consent of the customer.
- f. Supra Pacific shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of Supra Pacific desires to open another account with us , there shall be no need for a fresh CDD exercise.
- g. CDD Procedure is followed for all the joint account holders, while opening a joint account.
- h. Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
- i. Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists
- j. Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
- k. Where an equivalent e-document is obtained from the customer, RE shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
- l. Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.
- 11. 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.
- 11A. Where RE 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

Risk Management

- 12. For Risk Management, Supra Pacific shall have a risk-based approach which includes the following.
 - a. Customers shall be categorised as low, medium and high-risk category, based on the assessment and risk perception of the RE.

- b. Broad principles may be laid down by Supra Pacific for risk-categorisation of customers.
- c. 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, 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.
- d. 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.

Customer Identification Procedure (CIP)

13. Supra Pacific shall undertake identification of customers in the following cases:
- a. Commencement of an account-based relationship with the customer.
 - b. When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
 - c. 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.
 - d. 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.
 - e. When Supra Pacific 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.

- f. Supra Pacific shall ensure that introduction is not to be sought while opening accounts.
14. For the purpose of verifying the identity of customers at the time of commencement of an account-based relationship, Supra Pacific, may rely on customer due diligence done by a third party, subject to the following conditions:
- a. Records or the information of the customer due diligence carried out by the third party is obtained immediately from the third party or from the Central KYC Records Registry.
 - b. Adequate steps are taken by Supra Pacific
 - c. 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.
 - d. 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.
 - e. The third party shall not be based in a country or jurisdiction assessed as high risk.
 - f. The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the RE.

Customer Due Diligence (CDD) Procedure

Part I - Customer Due Diligence (CDD) Procedure in case of Individuals

16. For undertaking CDD, Supra Pacific shall obtain the following from an individual while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal entity:
- (a) The Aadhaar number were,
 - i. He decides to submit his Aadhaar number voluntarily to any RE notified under first proviso to sub-section (1) of section 11A of the PML Act; or

- (aa) The proof of possession of Aadhaar number where offline verification can be carried out; or
- (ab) The proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; or
- (ac) The KYC Identifier with an explicit consent to download records from CKYCR; and
- (b) The Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and
- (c) Such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the RE:

Provided that where the customer has submitted,

- i) Aadhaar number under clause (a) above to Supra Pacific notified under first proviso to sub-section (1) of section 11A of the PML Act, such
- ii) RE shall carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India. Further, in such a case, if customer wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give self-declaration to that effect to the RE.
- ii) Proof of possession of Aadhaar under clause (aa) above where offline verification can be carried out, the RE shall carry out offline verification.
- iii) an equivalent e-document of any OVD, the RE 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.
- iv) any OVD or proof of possession of Aadhaar number under clause (ab) above where offline verification cannot be carried out, the RE shall carry out verification through digital KYC.
- v) KYC Identifier under clause (ac) above, Supra Pacific shall retrieve the KYC records online from the CKYCR in accordance with Section 56.

Provided that for a period not beyond such date as may be notified by the Government for a class of REs, instead of carrying out digital KYC, the RE 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.

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

CDD Measures for Sole Proprietary firms

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

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

- a. 80Registration certificate including Udyam Registration Certificate (URC) issued by the Government
- b. Certificate/licence issued by the municipal authorities under Shop and Establishment Act
- c. Sales and income tax returns
- d. 81CST/VAT/ GST certificate
- e. Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities
- f. IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute
- g. Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the Income Tax authorities
- h. Utility bills such as electricity, water, landline telephone bills, etc.

29. In cases where Supra Pacific is satisfied that it is not possible to furnish two such documents, Supra Pacific may, accept only one of those documents as proof of business/activity.

Provided Supra Pacific 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.

CDD Measures for Sole Proprietary firms

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

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

31. 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:

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

32. For opening an account of a trust, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:
- a. Registration certificate
 - b. Trust deed
 - c. Permanent Account Number or Form No.60 of the trust
 - d. Documents, as specified in Section 16, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
 - e. The names of the beneficiaries, trustees, settlor, protector, if any and authors of the trust the address of the registered office of the trust; and
 - f. List of trustees and documents, as specified in Section 16, for those discharging the role as trustee and authorised to transact on behalf of the trust.

- 33A. For opening an account of an unincorporated association or a body of individuals, certified copies of each of the following documents or the equivalent e-documents thereof shall be obtained:
- a. Resolution of the managing body of such association or body of individuals
 - b. Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals
 - c. Power of attorney granted to transact on its behalf
 - d. Documents, as specified in Section 16, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and
 - e. Such information as may be required by the RE to collectively establish the legal existence of 33B. 1For 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:

- a. Document showing name of the person authorised to act on behalf of the entity
- b. Documents, as specified in Section 16, of the person holding an attorney to transact on its behalf and
- c. Such documents as may be required by the RE to establish the legal existence of such an entity/juridical person.

Provided that in case of a trust, the RE 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 clauses (b), (e) and (f) of Section 13 of this MD.

Identification of Beneficial Owner

- a. Where the customer or the owner of the controlling interest is (i) an entity listed on a stock exchange in India, or (ii) it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions, or (iii) 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.
- b. In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

On-going Due Diligence

35. Supra Pacific 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, the source of funds / wealth.

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

- a. Large and complex transactions including RTGS transactions, and those with unusual patterns, inconsistent with the normal and expected activity of the customer, which have no apparent economic rationale or legitimate purpose.
- b. Transactions which exceed the thresholds prescribed for specific categories of accounts.

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

37. 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.

38. Updation / Periodic Updation of KYC

Supra Pacific 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.

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 Supra Pacific, customer's mobile number registered with , mobile application of RE), 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 Supra Pacific, customer's mobile number registered with Supra Pacific, digital channels, letter, etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables, etc.

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

- iii. Accounts of customers, who were minor at the time of opening account, on their becoming major: In case of customers for whom account was opened when they were minor, fresh photographs shall be obtained on their becoming a major and at that time it shall be ensured that CDD documents as per the current CDD standards are available with Supra Pacific. Wherever required, Supra Pacific may carry out fresh KYC of such customers i.e., customers for whom account was opened when they were minor, on their becoming a major.
- iv. Aadhaar OTP based e-KYC in non-face to face mode may be used for periodic updation. To clarify, conditions stipulated in Section 17 are not applicable in case of updation / periodic updation of KYC through Aadhaar OTP based e-KYC in non-face to face mode.

Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case.

Supra Pacific 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.

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 RE, ATMs, digital channels (such as mobile application), letter from an official authorized by the LE in this regard, board resolution, etc. Further, Supra Pacific 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, Supra Pacific shall undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.
- iii. Accounts of customers, who were minor at the time of opening account, on their becoming major: In case of customers for whom account was opened when they were minor, fresh photographs shall be obtained on their becoming a major and at that time it shall be ensured that CDD documents as per the current CDD standards are available with Supra Pacific. Wherever required, Supra Pacific may carry out fresh KYC of such customers i.e., customers for whom account was opened when they were minor, on their becoming a major.
- iv. Aadhaar OTP based e-KYC in non-face to face mode may be used for periodic updation. To clarify, conditions stipulated in Section 17 are not applicable in case of updation / periodic updation of KYC through Aadhaar OTP based e-KYC in non-face to face mode.

Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. Supra Pacific 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.

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 RE, ATMs, digital channels (such as mobile application), letter from an official authorized by the LE in this regard, board resolution, etc. Further, Supra Pacific 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, Supra Pacific shall undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.

c) Additional measures: In addition to the above, Supra Pacific 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 Supra Pacific are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the Supra Pacific has expired at the time of periodic updation of KYC, Supra Pacific shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.
- ii. Customer's PAN details, if available with the RE, is verified from the database of the issuing authority at the time of periodic updation of KYC.
- iii. Acknowledgment is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of periodic updation of KYC are promptly updated in the records / database of Supra Pacific and an intimation, mentioning the date of updation of KYC details, is provided to the customer.

b) Customers other than individuals:

- iv. In order to ensure customer convenience, Supra Pacific may consider making available the facility of periodic updation of KYC at any branch, in terms of their internal KYC policy duly approved by the Board of Directors of Supra Pacific or any committee of the Board to which power has been delegated.
 - v. Supra Pacific 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 REs 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 RE where account is maintained, a more frequent periodicity of KYC updation than the minimum specified periodicity etc., shall be clearly specified in the internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.
 - d) Supra Pacific 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 REs 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 REs' end.
39. In case of existing customers, Supra Pacific 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 Supra Pacific 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 Supra Pacific shall give the customer an accessible notice and a reasonable opportunity to be heard. Further, Supra Pacific 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

Provided further that if a customer having an existing account-based relationship with a Supra Pacific gives in writing to Supra Pacific that he does not want to submit his Permanent Account Number or equivalent e-document thereof or Form No.60, Supra Pacific 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.

Part VI - Enhanced and Simplified Due Diligence Procedure

41. Accounts of Politically Exposed Persons (PEPs)

A. Supra Pacific 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. Supra Pacific 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 Supra Pacific 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;

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

B. Simplified Due Diligence

Chapter VII Record Management

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

- (a) Maintain all necessary records of transactions between Supra Pacific and the customer, both domestic and international, for at least five years from the date of transaction;
- (b) Preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;
- (c) Make available swiftly, the identification records and transaction data to the competent authorities upon request;
- (d) Introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005);
- (e) Maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:
 - i. The nature of the transactions;
 - ii. The amount of the transaction and the currency in which it was denominated;
 - iii. The date on which the transaction was conducted; and
 - iv. The parties to the transaction.
- (f) Evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;

- (g) Maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

B. Simplified Due Diligence

Chapter VIII

Reporting Requirements to Financial Intelligence Unit - India

47. Supra Pacific 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.
48. The reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports shall be taken note of. The editable electronic utilities to file electronic Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR) which FIU-IND has placed on its website shall be made use of by Supra Pacific which are yet to install/adopt suitable technological tools for extracting CTR/STR from their live transaction data. The Principal Officer of Supra Pacific whose all branches are fully computerized, shall have suitable arrangement to cull out the transaction details from branches 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>.
49. While furnishing information to the Director, FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in the Rule shall be constituted as a separate violation. Supra Pacific shall not put any restriction on operations in the accounts merely on the basis of the STR filed.
50. 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.

- (g) Maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

B. Simplified Due Diligence

Chapter VIII

Reporting Requirements to Financial Intelligence Unit - India

47. Supra Pacific 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.
48. The reporting formats and comprehensive reporting format guide, prescribed/ released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports shall be taken note of. The editable electronic utilities to file electronic Cash Transaction Reports (CTR) / Suspicious Transaction Reports (STR) which FIU-IND has placed on its website shall be made use of by Supra Pacific which are yet to install/adopt suitable technological tools for extracting CTR/STR from their live transaction data. The Principal Officer of Supra Pacific whose all branches are fully computerized, shall have suitable arrangement to cull out the transaction details from branches 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>.
49. While furnishing information to the Director, FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in the Rule shall be constituted as a separate violation. Supra Pacific shall not put any restriction on operations in the accounts merely on the basis of the STR filed.
50. 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.

- (c) Freezing of Assets under Section 51A of UAPA, 1967: The procedure laid down in the UAPA Order dated February 2, 2021 (Annex II of this Master Direction), 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.
- (c) Further, Supra Pacific 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.
- (d) In case of match in the above cases, Supra Pacific 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.
- (e) Supra Pacific may refer to the designated list, as amended from time to time, available on the portal of FIU-India.
- (f) 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, Supra Pacific shall prevent such individual/entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post, without delay.
- (g) In case an order to freeze assets under Section 12A is received by the Supra Pacific from the CNO, REs shall, without delay, take necessary action to comply with the Order.
- (h) 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 RE 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.

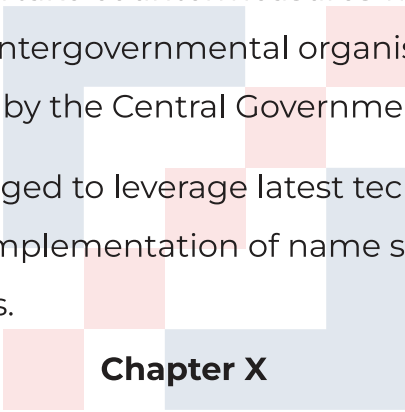
- (c) Freezing of Assets under Section 51A of UAPA, 1967: The procedure laid down in the UAPA Order dated February 2, 2021 (Annex II of this Master Direction), shall be strictly followed and meticulous compliance with the Order issued by the Government shall be ensured. The list of Nodal Officers for UAPA is available on the website of MHA.
- (c) Further, Supra Pacific 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.
- (d) In case of match in the above cases, Supra Pacific 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.
- (e) Supra Pacific may refer to the designated list, as amended from time to time, available on the portal of FIU-India.
- (f) 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, Supra Pacific shall prevent such individual/entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post, without delay.
- (g) In case an order to freeze assets under Section 12A is received by the Supra Pacific from the CNO, REs shall, without delay, take necessary action to comply with the Order.
- (h) 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 RE 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.

53. Supra Pacific 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.

53A. In addition to the above, Supra Pacific 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.

53B. Supra Pacific 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.

54A. Supra Pacific is encouraged to leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements.



Chapter X
Other Instructions

55. Secrecy Obligations and Sharing of Information:

(a) Supra Pacific shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the Supra Pacific and customer.

(b) Information collected from customers for the purpose of opening of account shall be treated as confidential and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer.

(c) While considering the requests for data/information from Government and other agencies, Supra Pacific 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 transactions.

(d) The exceptions to the said rule shall be as under:

- i. Where disclosure is under compulsion of law
- ii. Where there is a duty to the public to disclose,
- iii. The interest of Supra Pacific requires disclosure and
- iv. Where the disclosure is made with the express or implied consent of the customer.

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

- (a) 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.
- (b) In terms of provision of Rule 9(1A) of the PML Rules, the Supra Pacific shall capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.
- (c) Operational Guidelines for uploading the KYC data have been released by CERSAI.
- (d) Supra Pacific 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' (LEs), as the case may be. The templates may be revised from time to time, as may be required and released by CERSAI.
- (e) Supra Pacific is required to start uploading 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*.
- (f) Supra Pacific shall upload KYC records pertaining to accounts of LEs 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 LE Template released by CERSAI.
- (g) Once KYC Identifier is generated by CKYCR, Supra Pacific shall ensure that the same is communicated to the individual/LE as the case may be.

- (h) In order to ensure that all KYC records are incrementally uploaded on to CKYCR, Supra Pacific shall upload/update the KYC data pertaining to accounts of individual customers and LEs opened prior to the above-mentioned dates as per (e) and (f) respectively at the time of periodic updation as specified in Section 38 of this Master Direction, or earlier, when the updated KYC information is obtained/received from the customer.
- (i) Supra Pacific shall ensure that during periodic updation, the customers are migrated to the current CDD standard.
- (j) Where a customer, for the purposes of establishing an account-based relationship, submits a KYC Identifier to Supra Pacific with an explicit consent to download records from CKYCR, then Supra Pacific shall retrieve the KYC records online from the CKYCR using the KYC Identifier and the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless –
- i. There is a change in the information of the customer as existing in the records of CKYCR;
 - ii. The current address of the customer is required to be verified;
 - iii. Supra Pacific considers it necessary in order to verify the identity or address of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the client.
 - iv. The validity period of documents downloaded from CKYCR has lapsed.

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

Under FATCA and CRS, Supra Pacific 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-filing portal of Income Tax Department as Reporting Financial Institutions at the link <https://incometaxindiaefiling.gov.in/> post login --> My Account --> Register as Reporting Financial Institution,

- (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.
- (c) Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H.
- (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 web site <http://www.incometaxindia.gov.in/Pages/default.aspx>. Supra Pacific 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).

58. 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."

59. Collection of Account Payee Cheques

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

61. (a) A Unique Customer Identification Code (UCIC) shall be allotted while entering into new relationships with individual customers as also the existing individual customers by Supra Pacific
- (b) The Supra Pacific shall, at their option, not issue UCIC to all walk-in/occasional customers 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.

60. Introduction of New Technologies

Supra Pacific 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, Supra Pacific shall ensure:

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

61. Correspondent Arrangements

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

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.

62. 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 , as amended from time to time. Form 60 shall be obtained from persons who do not have PAN or equivalent e-document thereof.

63. Selling Third party products

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

- (a) The identity and address of the walk-in customer shall be verified for transactions above rupees fifty thousand as required under Section 13(e) of this Directions.
- (b) Transaction details of sale of third-party products and related records shall be maintained as prescribed in Section 46 of Chapter VII.
- (c) AML software capable of capturing, generating and analysing alerts for the purpose of filing CTR/STR in respect of transactions relating to third party products with customers including walk-in customers shall be available.
- (d) Transactions involving rupees fifty thousand and above shall be undertaken only by:
- Debit to customers' account or against cheques; and
 - Obtaining and verifying the PAN given by the account-based as well as walk-in customers.
- (e) Instruction at 'd' above shall also apply to sale of own products, and any other product for rupees fifty thousand and above.

64. Hiring of Employees and Employee training

- a. Adequate screening mechanism, including Know Your Employee / Staff policy, as an integral part of their personnel recruitment/hiring process shall be put in place.
- b. Supra Pacific 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. Supra Pacific shall also strive to develop an environment which fosters open communication and high integrity amongst the staff.
- c. On-going employee training programme shall be put in place so that the members of staff are adequately trained in 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 RE, regulation and related issues shall be ensured.