

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

INDEX

| Sr. No. | Particulars |
|----------------|---|
| 1. | Objective |
| 2. | Applicability and Effective Date |
| 3. | Definitions |
| 4. | Customer Acceptance Policy (CAP) |
| 5. | Risk Management |
| 6. | Risk Categorization |
| 7. | Customer identification procedure (CIP) |
| 8. | Monitoring of Transaction |
| 9. | Designated Director |
| 10. | Principal Officer |
| 11. | Compliance of KYC Policy |
| 12. | Customer Due Diligence (CDD) |
| 13. | Ongoing Due Diligence |
| 14. | Periodic Updation |
| 15. | Enhanced Due Diligence |
| 16. | Monitoring and furnishing information to the Director, Financial Intelligence Unit-India (FIU-IND) |
| 17. | Reporting requirement under Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) |
| 18. | Miscellaneous Measures and Procedures: |
| 19. | Annexure I - Indicative list for risk categorization |

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

1. Objective

DSP Finance Private Limited (“DSP Finance”) is committed to ensure compliance to the requirements of RBI’s Master Direction - Know Your Customer (KYC) Direction, 2016 (RBI MD – KYC) as amended from time to time. It has thus adopted this Know Your Customer (KYC) and Anti Money Laundering (AML) policy.

The primary objective of this policy is:

- To define standardised KYC procedures to enable DSP Finance to identify / know and understand its customers and their financial dealings better and in turn ensure prudent risk management
- To prevent DSP Finance being used intentionally or unintentionally for money laundering / fraudulent / anti-social activities.
- To take appropriate action, once suspicious activities is detected, and make report to designated authorities in accordance with applicable law / laid down procedures

The policy is framed keeping in mind the above objectives and has the following key components:

- Customer Acceptance Policy
- Customer Identification Procedures
- Monitoring of Transactions
- Risk Management

2. Applicability & Effective Date

- This KYC policy is applicable to all lines of businesses undertaken by DSP Finance and to all its customers.
- This Policy will become effective from the date of its initial approval by the board of DSP Finance (“the Board”) and any subsequent amendments shall become effective from the date of approval of such amendment by the Board.
- All employees of DSP Finance are responsible for ensuring the effective implementation of this policy. Clarifications on any aspects of this policy shall be obtained from the compliance team.

3. Definitions

The terms used and not defined in this policy shall have the same meaning as assigned to them in the Reserve Bank of India (Know Your Customer (KYC)) Directions, 2016, as amended from time to time.

- i. **“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.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- ii. **“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, as amended from time to time.

- iii. **Beneficial Ownership (“BO”)**:
 - a. Where the customer is a company, the BO would be 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 1: “Controlling ownership interest” means ownership of/entitlement to more than 10 percent of the shares or capital or profits of the company.

Explanation 2: “Control” shall include the right to appoint the majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.
 - b. Where the customer is a partnership firm, the BO 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.
 - c. Where the customer is an unincorporated association or body of individuals, the BO 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.

Explanation: “body of individuals” includes societies where no natural person is identified in any of the above non-individual entities, the BO is the relevant natural person who holds the position of senior managing official.
 - d. Where the customer is a Trust, the identification of BO 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.

- iv. **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

- v. **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 acting.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- vi. **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 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.

- vii. **Customer identification:** means undertaking the process of CDD
- viii. **Digital KYC:** means 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 Regulated Entity (RE) as per the provisions contained in the Act.
- ix. **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.
- x. **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).
- xi. **Know Your Client (KYC) Identifier:** means the unique number or code assigned to a customer by the Central KYC Records Registry.
- xii. **Non-face-to-face customers:** means customers who open accounts without visiting the branch/offices of the REs or meeting the officials of REs.
- xiii. **Officially Valid Document ("OVD"):** means the passport, the driving licence, proof 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

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

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.

- xiv. **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 / wealth.
- xv. **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.
- xvi. **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, important political party officials.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- xvii. **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 transactions involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organisation or those who finance or are attempting to finance terrorism.

- xviii. **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.

- xix. **Video based Customer Identification Process (V-CIP):** an alternate method of customer identification with facial recognition and customer due diligence by an authorised official of the RE by undertaking seamless, secure, live, informed-consent based audio-visual interaction with the customer to obtain identification information required for CDD purpose, and to ascertain the veracity of the information furnished by the customer through independent verification and maintaining audit trail of the process. Such processes complying with prescribed standards and procedures shall be treated on par with face-to-face customer identification processes.

4. Customer acceptance policy

In accordance with the RBI MD - KYC, DSP finance’s KYC policy will ensure the following:

- No account is opened in anonymous or fictitious / benami names.
- No account is opened where DSP Finance is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

documents/information furnished by the customer. DSP Finance will consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.

- No transaction or account-based relationship is undertaken without following the CDD procedure.
- The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.
- Additional information, where such information requirement has not been specified in the internal KYC Policy of DSP Finance, is obtained with the explicit consent of the customer.
- DSP Finance will apply the CDD process at UCIC level. Thus, if an existing KYC compliant customer of DSP Finance desires to open another account with DSP Finance, there shall be no need for a fresh CDD exercise.
- CDD Procedure is followed for all the joint account holders, while opening a joint account.
- Circumstances in which a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
- 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 in Chapter IX of the RBI's MD-KYC
- Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
- Where an equivalent e-document is obtained from the customer, DSP Finance shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
- Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.
- Customer Acceptance Policy shall not result in denial of financial facility to members of the general public, especially those, who are financially or socially disadvantaged.
- Where DSP Finance 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.

5. Risk management

- DSP Finance shall adopt a risk based approach and categorise its customers as "High risk", "Medium risk", or "Low risk" based on its own assessment and risk perception of the customers.
- 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

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

products/services, types of transaction undertaken – cash, cheque/monetary instruments, wire transfers, forex transactions, etc.

- While considering the customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.
- The risk categorisation of a customer and the specific reasons for such categorisation will be kept confidential and shall not be revealed to the customer to avoid tipping off the customer.
- Information collected from different categories of customers relating to the perceived risk should be non-intrusive and the same will be as specified in the KYC policy.
- The recommendations made by Financial Action Task Force (FATF), Public Statement, the reports and guidance notes on KYC/AML issued by the Indian Banks Association (IBA), and other agencies, etc. shall also be used in risk assessment.

6. Risk categorization

Low risk

- Individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, may be categorised as low risk.
- Illustrative examples of low risk customers may include government departments and government owned companies, regulators and statutory bodies, Salaried individuals whose salary structures are well defined. Individuals belonging to lower economic strata of the society whose accounts show small balances and low turnover, etc.
- In such cases, the policy requires only the basic requirements of verifying the identity and location of the customer.

Medium risk & High risk

Customers that are likely to pose a higher-than-average risk to DSP Finance may be categorised as medium or high risk depending on the customer's background, nature and location of activity, country of origin, sources of funds and his client profile, etc.

DSP Finance will 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. Examples of customers requiring higher due diligence may include:

- i. Trusts, charities, NGOs and organisations receiving donations,
- ii. Companies having close family shareholding or beneficial ownership,
- iii. Firms with 'sleeping partners',
- iv. Politically exposed persons (PEPs) of foreign origin,

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- v. Non-face to face customers, and
- vi. Those with dubious reputation as per public information available, etc.

DSP Finance's indicative list of customers and their respective risk categories in Annexure-I.

DSP Finance's internal control and compliance functions will have an important role in performing an independent evaluation and ensuring adherence to its KYC policies and procedures, including legal and regulatory requirements. DSP Finance will ensure that its internal control systems and machinery is staffed adequately with individuals who are well-versed in such policies and procedures or hire the services of a reputed company engaged in providing quality services in the said field. They will specifically check and verify the application of KYC procedures and comment on the lapses observed in this regard.

The compliance in this regard will be put up before the Audit Committee of the Board at quarterly intervals. DSP Finance will have an ongoing (at regular intervals) employee training program so that members of the staff are adequately trained in KYC procedures. Training requirements will have different focuses for frontline staff, compliance staff and staff dealing with new customers.

7. Customer Identification Procedure (CIP)

Customer identification means identifying the customer and verifying their identity by using reliable, independent source documents, data or information.

DSP Finance's customer identification procedure shall be carried out at different stages

- While commencing an account-based relationship.
- While carrying out a financial transaction.
- When DSP Finance has a doubt about the authenticity or the adequacy of the previously obtained customer identification data.
- Selling third party products as agents, selling their own products and any other product for more than rupees fifty thousand
- When DSP Finance has reason to believe that a customer is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand
- DSP Finance shall not seek any introduction while onboarding a customer.

DSP Finance shall follow the Customer Due Diligence (CDD) procedure as laid out in this policy at the of commencing an account-based relationship to establish and verify the identity of the customer. DSP Finance will obtain information stated below necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of the relationship. Being satisfied means that DSP Finance must be able to satisfy the competent authorities like RBI that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place. Besides risk

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

perception, the nature of information/documents required would also depend on the type of customer.

For the purpose of verifying the identity of customers at the time of commencement of an account based relationship, DSP Finance shall at their option rely on CDD done by a third party, subject to the following conditions:

- Records or the information of the customer due diligence carried out by the third party is obtained within two days from the third party or from the Central KYC Records Registry.
- Adequate steps are taken by DSP Finance to satisfy itself that copies of identification data and other relevant documentation relating to the CDD requirements shall be made available from the third party upon request without delay.
- The third party is a regulated entity (RE), and has measures in place for compliance with the CDD procedure and record-keeping requirements in line with the requirements and obligations under the Prevention of Money-Laundering Act.
- The third party shall not be based in a country or jurisdiction assessed as high risk.
- The ultimate responsibility for CDD, including when done by a third party and undertaking enhanced due-diligence measures as applicable, shall rest with DSP Finance.

Entity types of customers are classified based on the entity to which the PAN has been issued. The different PAN types are classified as follows.

- A – Association of Persons
- B – Body of Individuals
- C – Company
- F – Firms
- G – Government
- H – Hindu Undivided Family
- L – Local Authority
- J – Artificial Judicial Person
- P – Individual
- T – Association of Persons for a Trust

Approval to lend out to other PAN types will require an update of this policy after board approval.

8. Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC procedures. DSP Finance can effectively control and reduce its risk only if it understands the normal and reasonable activity of the customer so that it can identify transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. Since DSP Finance does not have any deposit accounts, this situation will not arise, but DSP Finance shall pay special attention to depleting financial ratios, adequacy of collaterals, complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

DSP Finance shall maintain all necessary information in respect of transactions prescribed under the Prevention of Money-laundering (maintenance of Records) Rules, 2005, so as to permit reconstruction of individual transaction, including:

- The nature of the transactions.
- The amount of the transaction and the currency in which it was denominated.
- The date on which the transaction was conducted.
- The parties to the transaction.

DSP Finance shall pay special attention to unusually large transactions and all transactions with unusual patterns which have no apparent economic or visible lawful purpose.

DSP Finance has taken appropriate steps to evolve a system for proper maintenance and preservation of information in a manner (hard and/or soft copies) that allows information to be retrieved easily and quickly whenever required or requested by the competent authorities.

DSP Finance will put in place a system of half-yearly review of risk categorization of all outstanding accounts and the need for applying enhanced due diligence measures. It will ensure that record of transactions in the accounts is preserved and maintained as required in terms of section 12 of the PML Act, 2002 (*Refer Point 8 for maintenance of records and Point 9 for preservation of records under the PML act*) in a separate register at the registered office of DSP Finance in physical or electronic form and make it available to the regulatory and investigating authorities. It will also ensure that transactions of suspicious nature and/or any other type of transaction notified under section 12 of the PML Act, 2002, is reported to the appropriate law enforcement authority.

9. Designated Director

DSP Finance has appointed the following person as the “Designated Director” and the same has been duly communicated to FIU:

| | |
|-----------------|--|
| Name | Mr. Jayesh Shah |
| Designation | WTD, Vice Chairman and CEO |
| Address: | 11th Floor, Mafatlal Centre, Nariman Point, Mumbai – 400021 |
| Contact Detail: | 022 49427780 jayesh.mehta@dspfin.com |

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

10. Principal Officer

DSP Finance has appointed the following “Principal Officer”, who shall be responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/regulations and the same has been duly communicated to FIU:

| | |
|-----------------|--|
| Name | Ms. Amrita Maji |
| Designation | Company Secretary |
| Address: | 11 th Floor, Mafatlal Centre, Nariman Point, Mumbai – 400021 |
| Contact Detail: | 022 49427717 amrita.maji@dspfin.com |

11. Compliance of KYC Policy

- a. Head of Compliance will be responsible for overseeing the KYC/AML Compliances and suggesting any changes in policies and ensuring adherence to regulations.
- b. Head of Operations will be responsible for obtaining and maintaining all KYC records from the Borrowers.
- c. The Audit Committee shall be reported in the form of a note on a quarterly basis about the status of KYC compliance of all the borrowers of DSP Finance in accordance with this policy.
- d. The internal auditors need to provide a quarterly update to the Audit committee on KYC compliance and the procedures and corrective measures to be followed.
- e. DSP Finance will ensure independent evaluation of the compliance functions of its policies and procedures including legal and regulatory requirements.
- f. DSP Finance shall ensure that decision-making functions for determining compliance with KYC/AML norms are not outsourced.

12. Customer Due Diligence (CDD) procedure

- I. DSP Finance while following the process for undertaking CDD:
 - A. DSP Finance will obtain the following information from an individual while establishing an account-based relationship with an 'individual ' or dealing with the individual who is a

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

beneficial owner, authorised signatory or the power of attorney holder related to any legal entity:

- a. Either of the following
 - i. The Aadhaar number where he is desirous of receiving any benefit or subsidy under any scheme notified under Section 7 of the Aadhaar Act, or
 - ii. Any OVD or the equivalent e-document thereof through Digi locker or such other digital channels, containing details of identity and address and a recent photograph, or
 - iii. The KYC Identifier with an explicit consent to download records from CKYCR;

and

- b. The Permanent Account Number (PAN) or Form No. 60 as defined in Income-tax Rules, 1962, as amended from time to time.

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 DSP Finance.

Explanation 1: The submission of Aadhaar by an individual as a KYC document in cases other than mentioned at a.i. above cannot be insisted upon by DSP Finance. However, the individual, if so desires, may provide the same out of his own volition. Customers, at their option, shall submit one of the OVDs

Explanation 2: Where the customer is submitting Aadhaar, DSP Finance shall be guided by directions issued by Unique Identification Authority of India from time to time.

Explanation 3: KYC Identifier under clause a(ii) above, DSP Finance shall retrieve the KYC records online from the CKYCR in accordance with Section 56.

- B. In case of Customer's OVD fetched from Digi locker or such other digital channels that does not contain updated address or does not match with the Customer's CKCYR records, DSP Finance will take necessary steps to update the CKYCR records with the latest address.
- C. In case the OVD furnished by the customer does not contain updated address, the following documents shall be deemed to be OVDs for the limited purpose of proof of address:
 - a. utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill)
 - b. property or Municipal tax receipt
 - c. pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- d. 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

Provided that in case the OVD submitted 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.

Provided further that the customer shall submit updated OVD with current address within a period of three months of submitting the above documents.

Part-1: CDD PROCEDURE IN CASE OF INDIVIDUALS

- II. In addition to obtaining information as mentioned under Section I above, DSP Finance will follow the below mentioned procedure while establishing an account-based relationship with an individual:

PAN verification

The PAN of the customer must be independently verified. The following modes of verification are acceptable:

- Verification with NSDL
- Verification with Income Tax Department
- PAN card verified by an authorised DSP Finance employee through V-CIP or in offline F2F mode by obtaining a self-attested copy of the PAN card from the customer.

Customer address

- The customer must provide DSP Finance with their permanent address as recorded in his/her OVDs
- The customer must also provide OVD with their permanent address.
- The customer must provide DSP Finance with their current address if the same is different from the permanent address.
- The customer must also provide an OVD for their current address, if it is different from the permanent address.
- In case the customer's current address is the same as their permanent address, the same can be declared by the customer and no OVD needs to be provided separately for the current address.
- List of OVDs acceptable are:
 - Passport
 - Driving licence
 - Proof of possession of Aadhaar number

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- 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.

OVD verification

The OVD provided by the customer must be independently verified. The following modes of verification are acceptable:

- Verification with digilocker.
- Proof of possession of AADHAR verified via AADHAR OTP sent by UIDAI.
- Verification from the CKYCR.
- PAN card verified by an authorised DSP Finance employee through V-CIP or in offline F2F mode by obtaining a self-attested copy of the PAN card from the customer.

PAN - AADHAR linking status

- The PAN of the customer should be linked with his/her AADHAR number and both of these should be updated in the customer's record with the Income Tax Department.

Primary phone number

- The customer must provide their primary phone number linked/registered with Aadhar. This phone number will be exclusively used to communicate with the customer and receive requests from the customer.

Primary email ID

- The customer must provide their primary email ID. This email ID will be exclusively used to communicate with the customer and receive requests from the customer.

Nationality & Residential Status.

- DSP finance will offer its products and services only to Indian nationals and Indian Residents

End use declaration

- An end use declaration stating the reason for which the customer will be using the loan proceeds should be declared by the customer. For digital journeys, customers may be provided with the following options to choose from:
 - Long term investments
 - Business
 - Personal / Recreational
 - Emergencies
 - Others - to be specified by the customer

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

Educational qualification

- The customer must also declare their highest educational qualification. For digital journeys, the customer may be provided the following options to choose from:
 - Up to 12th pass
 - Professional
 - Graduate
 - Post graduate or higher
 - Others - to be specified by the customer

Gender

- The customer must declare their gender as one of the following:
 - Male
 - Female
 - Others

Customer photo

- A photo of the customer will be collected as part of the application form from the customer. In the case of Digital Journey, the same will be captured during the onboarding journey.

Location

- The pin code as provided in the customer's permanent / current address should not be a part of the blacklisted pin codes maintained by DSP Finance.

Customer photo

- For offline cases:
 - The photo must be attested by the customer such that the signature of the customer is partially on the application form and partially on the photograph.
 - This photo must be verified against the photo in the OVD provided by the customer.
- For digital cases:
 - A live photo of the customer must be captured and attached to the application form of the customer.
 - This photo must be verified against the photo in the OVDs sourced through digital channels.

Part- 2: CDD PROCEDURE IN CASE OF SOLE PROPRIETARY FIRMS

- III. For opening an account in the name of a sole proprietary firm, identification information as mentioned under Section I and Section II in respect of the individual (proprietor) shall be obtained.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

Proof of business / activity

- In addition to the above, any two of the following documents as a proof of business/ activity in the name of the proprietary firm shall also be obtained:
 - a. Registration certificate
 - b. Certificate/ licence issued by the municipal authorities under Shop and Establishment Act.
 - c. Sales and income tax returns
 - d. GST certificate (provisional/ final)
 - e. Certificate / registration document issued by Sales Tax / GST / Professional Tax authorities.
 - f. IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT/Licence/ certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
 - g. Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/ acknowledged by the Income Tax authorities.
 - h. Utility bills such as electricity, water, and landline telephone bills.

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

- Provided the Company shall 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.

Part- 3: CDD PROCEDURE IN CASE OF LEGAL ENTITIES

- IV. For opening an account of a company, one certified copy of each of the following documents 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. One copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers or Form No. 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- V. For opening an account of a partnership firm, one certified copy of each of the following documents shall be obtained:
- a. Registration certificate
 - b. Partnership deed
 - c. Permanent Account Number of the partnership firm
 - d. One copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers or Form No. 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.
- VI. For opening an account of a trust, one certified copy of each of the following documents shall be obtained:
- a. Registration certificate
 - b. Trust deed
 - c. Permanent Account Number or Form No. 60 of the trust
 - d. One copy of an OVD containing details of identity and address, one recent photograph, and Permanent Account Numbers or Form No. 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
- VII. For opening an account of an unincorporated association or a body of individuals, one certified copy of each of the following documents 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. One copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers or Form No. 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf identification information as mentioned under
 - e. Such information, as may be required by the Company, to collectively establish the legal existence of such an association or body of individuals.

Explanation : Unregistered trusts/partnership firms shall be included under the term 'unincorporated association' and the term 'body of individuals' includes societies.

- VIII. For opening accounts of juridical persons not specifically covered in the earlier part, such as Government or its Departments, societies, universities and local bodies like village panchayats, one certified copy of the following documents shall be obtained:
- a. Document showing name of the person authorised to act on behalf of the entity
 - b. Aadhaar/PAN/OVD for proof of identity and address in respect of the person holding an attorney to transact on its behalf and

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- c. Such documents, as may be required by DSP Finance, to establish the legal existence of such an entity/ juridical person.

Part- 4: CDD PROCEDURE FOR IDENTIFICATION OF BENEFICIAL OWNER

- IX. 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 Rule 9(3) of the Rules to verify his/her identity shall be undertaken keeping in view the following:
- a. Where the customer or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.
 - 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.

13. Ongoing Due Diligence

Ongoing monitoring is an essential element of effective KYC procedures DSP Finance can effectively control and reduce their risk only if they understand the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity.

DSP Finance shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customer, customer's business, risk profile, and the source of funds/ wealth. Based on the understanding of the normal and regular activity of the customer, DSP Finance will be able to identify transactions that fall outside the regular pattern of activity.

The following process of monitoring the customers and customer transactions is put in place:

- All complex, unusually large transactions, and all unusual patterns which have no apparent economic or visible lawful purpose.
- Transactions which exceed the thresholds prescribed for specific categories of accounts.
- The extent of monitoring shall be aligned with the risk category of the customer. High risk accounts will be subject to more intensified monitoring. A system of periodic review of risk categorisation of accounts, with such periodicity as specified in Company's KYC Policy shall be put in place

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

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

14. Periodic Updation

DSP Finance 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. Periodic updation of KYC shall be done from the date of opening of the account / last KYC updation.

- Once in every two years for “High risk” customers
- Once in every eight years for “Medium risk” customers
- Once in every ten years for “Low risk” customers

I. Customers who are individuals

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 registered email ID or phone number, digital channels (such mobile application), letter, etc.

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 registered email ID or phone number, digital channels (such as mobile application), 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.
- DSP Finance may also 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) of the RBI’s Master Direction - Know Your Customer (KYC) Direction, 2016, for the purpose of proof of address, declared by the customer at the time of periodic updation.

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. Wherever required, DSP Finance shall carry out fresh KYC of such customers i.e., customers for whom account was opened when they were minor, on their becoming a major.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

II. Customers other than individuals (LE)

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 registered email ID or phone number, digital channels (such as mobile application), letter from an official authorised by the LE in this regard, board resolution, etc. Further, REs 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.

Change in KYC information:

- In case of change in KYC information, DSP Finance shall undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.

III. Additional measures

In addition to the above, DSP Finance shall ensure that:

- The KYC documents of the customer as per the current CDD standards are available. This is applicable even if there is no change in customer information but the documents available are not as per the current CDD standards. Further, in case the validity of the CDD documents available has expired at the time of periodic updation of KYC, DSP Finance shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.
- Customer's PAN details are verified from the database of the issuing authority at the time of periodic updation of KYC.
- Acknowledgement 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 DSP Finance and an intimation, mentioning the date of updation of KYC details, is provided to the customer.
- DSP Finance will also 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 / account-based relationship and thereafter, as necessary; customers shall submit to DSP Finance 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 DSP Finance's end.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

15. Enhanced due diligence (EDD)

I. For accounts of non-face-to-face customers

- Customers shall be categorised as “high risk” and shall be under enhanced monitoring until customer identity is verified via face-to-face or V-CIP.
- No alternate phone numbers or email IDs shall be linked to avoid frauds.
- Transactions shall be permitted only from the mobile number used for account opening.
- Positive address verification shall be done via address verification letter, contact point verification, deliverables, etc.
- First transaction in such accounts shall be a credit from existing KYC-complied bank account of the customer

II. For accounts of PEP

DSP Finance shall, at their discretion, establish a business / account-based relationship with PEP provided that apart from performing normal CDD procedure, the following process:

- sufficient information including information about the sources of funds, accounts of family members and close relatives is gathered on the PEP
- the identity of the person shall have been verified before accepting the PEP as a customer
- The decision to open an account for a PEP is taken at a senior level, based on formal approval from the Head of Compliance and COO.
- all such accounts are subject to enhanced monitoring on an on-going basis
- in the event of in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management's (Head of Compliance & COO) approval is obtained to continue the business relationship
- In case the customer's identity is not verified via face-to-face verification or V-CIP, the same must be confirmed via face-to-face or V-CIP verification within 1 month for DSP Finance to continue the business / account-based relationship.
- These instructions shall also be applicable to accounts where a PEP is the beneficial owner

III. Customer's accounts opened by Professional Intermediaries:

DSP Finance will ensure that while opening customer's accounts through professional intermediaries:

- a. Customers shall be identified when a client account is opened by a professional intermediary on behalf of a single client.
- b. DSP Finance will have the option to hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds.
- c. The Company will not open accounts of such professional intermediaries who are bound by any client confidentiality that prohibits disclosure of the client details to the Company.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- d. All the beneficial owners shall be identified where funds held by the intermediaries are not co-mingled, and there are 'sub- accounts', each of them attributable to a beneficial owner, or where such funds are co-mingled at the level of DSP Finance, it shall look for the beneficial owners.
- e. DSP Finance shall, at its discretion, rely on the 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 Company

16. Monitoring and furnishing information to the Director, Financial Intelligence Unit-India (FIU-IND)

I. Reporting of Transactions

- The Act and the Rules have directed the Principal Officer to report all cash transactions, suspicious transactions, and counterfeit transactions to the Financial Intelligence Unit (FIU-IND). The types of transactions to be reported and the manner of reporting shall be done as detailed hereunder.

II. Cash Transactions Reporting (CTR):

- DSP Finance as a matter of policy shall not accept cash or postal order from the clients. All cash transactions amounting to Rs.5 lakh and above in a month by a single client would be monitored from an STR perspective.
- The following types of transactions shall be reported to FIU-IND:
 - All cash transactions of the value of Rs.10 lakh or more or its equivalent in foreign currency and above.
 - All series of cash transactions integrally connected to each other which have been individually valued below Rs.10 lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds Rs. 10 lakh or its equivalent in foreign currency.
 - All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place.
Explanation: For determining integrally connected cash transactions, we must take into account all individual cash transactions in an account during a calendar month, where either debit or credit summation, computed separately, exceeds Rs.10 lakh during the month. However, while filing CTR, details of individual cash transactions below Rs.50,000/- may not be indicated.
- The CTR for each month would be submitted to FIU-IND by 15th of the succeeding month.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

III. Suspicious Transactions Reporting (STR):

- Suspicious transaction means a transaction, including an attempted transaction, whether or not made in cash which, to a person acting in good faith
 - 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
 - appears to be made in circumstances of unusual or unjustified complexity; or
 - appears to have no economic rationale or bonafide purpose; or
 - gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.
- Suspicious transactions are financial transactions that one would have reasonable grounds to suspect are related to the commission of a money laundering offence, given normal business and industry practice and one's knowledge of the client.
- The Company shall develop and implement appropriate methods of monitoring so that during the period of association with the customer, suspicious customer activity can be detected, appropriate action can be taken, and reports can be made if called for by government/regulatory authorities in accordance with applicable law and laid down procedures.
- An assessment of suspicion should be based on a reasonable evaluation of relevant factors, including the knowledge of the customer's business, financial history, background, and behaviour.
- Nevertheless, Schedule I to these guidelines enumerates specific cases of money laundering as common indicators of money laundering activity. Where there is any suspicious activity identified by any employee of the Company, the same shall be reported in the format provided in Schedule III.
- The Suspicious Transaction Report (STR) would be furnished within 7 working days of arriving at conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. DSP Finance will try to ensure there is no undue delay in arriving at conclusion once a STR is received from a branch/office. The Principal Officer will record reasons for treating any transaction or series of transactions suspicious in consultation with the Chief Risk Officer, Chief Credit Officer and such other officials as may be deemed necessary.
- The Principal Officer will be responsible for submission of CTR & STR to FIU-IND in formats prescribed by FIU-IND.
- While reporting confidentiality of report would be maintained and reporting will only be done in electronic form. Robust software, throwing alerts when the transactions are inconsistent with risk categorization and updated profile of the customers shall be put into use as a part of effective identification and reporting of suspicious transactions.
- DSP Finance may not put any restriction on operations in the accounts where STR is reported but will ensure that there is no tipping off to the customer at any level. DSP Finance will report all attempted transactions of customers reported in STRs; even

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

though transactions are incomplete and are of any amount. DSP Finance shall keep the fact of furnishing STRs strictly confidential.

- DSP Finance will make STRs if they have reasonable grounds to believe that the transaction involves proceeds of crime generally irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences in part B of Schedule of PMLA, 2002.
- DSP Finance may consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.

IV. Combating Financing of Terrorism

- DSP Finance has developed a suitable mechanism through appropriate policy framework for enhanced monitoring of accounts suspected of having terrorist links and swift identification of the transactions and making suitable reports to the Financial Intelligence Unit - India (FIU-IND) on priority.
- As and when list of individuals and entities, approved by Security Council Committee established pursuant to various United Nations Security Council Resolutions (UNSCRs), are received from Authority, the same is considered in its dedupe process.
- Compliance checkpoints have been built so that mandatory checks such as verification with the UN sanctions list, Unlawful Activities Prevention Act (UAPA), Terrorist Financing (TF) lists are ensured during the onboarding / underwriting stage. Also deviation has been defined wherever loans are offered to PEP customers.

V. Unlawful Activities Prevention Act

- DSP Finance shall 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 namely the "ISIL (Da'esh) & Al-Qaida Sanctions List" and the "Taliban Sanctions List (1988 Sanctions List)" As per the terms of Section 51A of the Unlawful Activities (Prevention) Act (UAPA), 1967.
- DSP Finance 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 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, shall be verified on daily basis and any modifications to the lists in terms of additions, deletions or other changes shall be taken into account by DSP Finance for meticulous compliance.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- Details of accounts resembling any of the individuals/entities in the lists shall be reported to FIU-IND apart from advising the Ministry of Home Affairs as required under UAPA notification.
- DSP Finance shall also monitor other UNSCRs circulated by the Reserve Bank of any other jurisdictions/ entities from time to time and also monitor publicly available information for identifying countries that do not sufficiently apply FATF recommendations. 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.
- DSP Finance shall ensure compliance with the UAPA Order dated February 2, 2021, as per RBI Master Direction.

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

- DSP Finance 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 January 30, 2023, by the Ministry of Finance, Government of India (Annex III of the RBI Master Direction).
- DSP Finance shall ensure not to carry out transactions in case the particulars of the individual / entity match with the particulars in the designated list.
- Further, DSP Finance 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.
- In case of match in the above cases, DSP Finance 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 the State Nodal Officer, where the account / transaction is held and to the RBI. DSP Finance shall file an STR with FIU-IND covering all transactions in the accounts, covered above, carried through or attempted. It may be noted that, Director, FIU-India has been designated as the CNO.
- DSP Finance may refer to the designated list, as amended from time to time, available on the portal of FIU-IND.
- 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, DSP Finance shall prevent such individual/entity from

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

conducting financial transactions, under intimation to the CNO by email, FAX and by post, without delay.

- In case an order to freeze assets under Section 12A is received by the DSP Finance from the CNO, DSP Finance shall, without delay, take necessary action to comply with the Order.
- The process of unfreezing of funds, etc., shall be observed as per paragraph 7 of the Order. Accordingly, a copy of application received from an individual/entity regarding unfreezing shall be forwarded by DSP Finance 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.
- DSP Finance shall verify every day, the 'UNSCR 1718 Sanctions List of Designated Individuals and Entities', as available at <https://www.mea.gov.in/Implementation-of-UNSCR-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.
- In addition to the above, ABHFL 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.

VII. Money Laundering and Terrorist Financing Risk Assessment

- DSP Finance shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise annually 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, DSP Finance shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with DSP Finance from time to time.
- The risk assessment by DSP Finance shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of DSP Finance. Further, the periodicity of risk assessment exercise shall be determined by the Board of DSP Finance or any Committee of the Board to which power in this regard is delegated, in alignment with the outcome of the risk assessment exercise. However, it should be reviewed at least annually.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- 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.
- DSP Finance shall apply a Risk Based Approach (RBA) and implement a CDD programme, having regard to the ML/TF risks identified and the size of business, for mitigation and management of the identified risk and should have Board approved policies, controls and procedures in this regard. Further, DSP Finance shall monitor the implementation of the controls and enhance them if necessary.

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

- Under FATCA and CRS, DSP Finance will 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 114F and if so, shall take following steps for complying with the reporting requirements:
 - a. Register on the related e-filing portal of the 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: DSP Finance will 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 of Income Tax Rules.

- c. Develop Information Technology (IT) framework for carrying out due diligence procedures and for recording and maintaining the same, as provided in Rule 114H of Income Tax Rules.
 - 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/ PreM releases/ issued on the subject by Central Board of Direct Taxes (CBDT) from time to time.
- In addition to the above, other United Nations Security Council Resolutions (UNSCRs) circulated by the Reserve Bank in respect of any other jurisdictions/ entities from time to time shall also be taken note of.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

18. Miscellaneous Measures and Procedures:

I. Registered bank accounts

- Customers must register their primary bank account in which withdrawals requested by the customer will be deposited.
- To register a bank account, the name as per the bank account records must match the name of the customer as per the PAN or OVD.
- In case of name mismatch between the bank account and PAN / OVD, the customer must provide proof of holding of the bank account as one of the following documents to be reviewed by an DSP Finance authorised employee:
 - Cancelled cheque
 - Bank account statement
 - Front page of the passbook

II. Repayments from customers

- Direct deposits from the customers should be received from a bank account belonging to the customers.
- In case of deposits received from third party bank accounts (TPT), the customer must provide proof of relationship with the bank account holder from which money has been deposited. Consent of the third party is required to account the payment received from their account against the loan amount outstanding.
- In case sufficient proof and consent is not provided, DSP finance will reverse the payment to the source of funds.
- Repayments can be received via payments gateway. The customer can be redirected to the payments gateway via links sent to their registered phone number(s) / email ID(s) or via a verified login done by the customer in the DSP finance online portal / application or in the LSP online portal / application.

III. Communication

Primary phone number

- Phone number provided by the customer should be verified via OTP sent to the phone number. Logs and details of the phone number verification should be recorded.
- Requests to change the primary phone number can be received from the registered primary phone number / email ID along with the new phone number.
- Requests to change the primary phone number can be accepted if received with OTP verification of the registered primary phone number / email ID. New phone number received via this method should also be OTP verified
- The customer can also submit a signed written request to change the registered primary phone number. V-CIP verification on the old / new registered phone number or

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

registered email ID, or F2F verification with the customer, will need to be done by an authorised DSP Finance employee in order to complete this request.

- All such requests should be recorded and stored.

Primary email ID

- Email ID provided by the customer should be verified via OTP sent to the email ID. Logs and details of the email ID verification should be recorded.
- Requests to change the primary email ID can be received from the registered primary phone number / email ID along with the new email ID.
- Requests to change the primary email ID can be accepted if received with OTP verification of the registered primary phone number / email ID. New phone number received via this method should also be OTP verified
- The customer can also submit a signed written request to change the primary email ID. V-CIP verification on the old / new phone number or registered email ID, or F2F verification with the customer, will need to be done by an authorised DSP Finance employee in order to complete this request.
- All such requests should be recorded and stored.

Communication channels

- Only communication / documentation received from the customer via the registered primary phone number / email ID can be considered as received from the customer. Acceptable modes of communication / documentation to be received from the customer are:
 - Email sent from the registered primary email ID of the customer.
 - SMS / WA message sent from the registered primary phone number of the customer.
 - Physical letters / documents self-attested and sent by the customer.
 - V-CIP verification on the registered primary phone number or registered primary email ID, or F2F verification with the customer, will need to be done by an authorised DSP Finance employee in order to accept requests sent via this communication channel.
 - Requests received from a verified login done by the customer in the DSP finance online portal / application or in the LSP online portal / application.

IV. Introduction of New Technologies

- DSP Finance 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.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- Further, DSP Finance shall ensure:
 - to undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and
 - adoption of a risk-based approach to manage and mitigate the risks through appropriate EDD measures and transaction monitoring, etc.

V. Secrecy Obligations and Sharing of Information

- DSP Finance shall maintain secrecy regarding the customer information which arises out of the contractual relationship between itself and customer.
- 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.
- While considering the requests for data/information from Government and other agencies, DSP Finance shall satisfy itself 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.
- The exceptions to the said rule shall be as under:
 - Where disclosure is under compulsion of law.
 - Where there is a duty to the public to disclose.
 - Where the interest of DSP Finance requires disclosure.
 - Where the disclosure is made with the express or implied consent of the customer.

VI. Recruitment & Training

Recruitment

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

Training

- A general appreciation of the background to money laundering shall be provided to all newly recruited employees, members of the sales/advisory staff who deal with customers, DSA's, administrative/operations supervisors and managers.
- It will also be necessary to make arrangements for refresher training at regular intervals to ensure staff is updated with the regulatory requirements and their responsibilities under the KYC-AML guidelines. The focus of the training may 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/

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

AML policies and Counter Terrorist Financing guidelines of DSP Finance, regulation and related issues shall be ensured.

VII. Sharing KYC information with Central KYC Records Registry (CKYCR)

- DSP Finance will capture the KYC information for sharing with the CKYCR in the manner mentioned in the Rules, as required by the revised KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be. Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015.

VIII. Selling Third party products:

- DSP Finance acting as agents while selling third party products will comply with the applicable laws/regulations, including system capabilities for capturing, generating and analysing alerts for the purpose of filing CTR/STR in respect of transactions relating to third party products with customers.

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

Annexure – I

Indicative list for risk categorization

High Risk Customers

- Trust / HUF / Societies / NGO / Trusts, Charitable organisation, Organisations receiving donations (Includes both registered / unregistered).
- Non-resident Indians / Foreign nationals / Merchant navy employees.
- Individuals and entities in various United Nations' Security Council Resolutions (UNSCRs) such as UN 1267 etc..
- Individuals or entities listed in the schedule to the order under section 51A of the Unlawful Activities (Prevention) Act, 1967 relating to the purposes of prevention of, and for coping with terrorist activities.
- Individuals and entities in watch lists issued by Interpol and other similar international organisations.
- Customers with dubious reputation as per public information available or commercially available watch lists.
- Individuals and entities specifically identified by regulators, FIU and other competent authorities as high-risk.
- Customers conducting their business relationship or transactions in unusual circumstances, such as significant and unexplained geographic distance between the institution and the location of the customer, frequent and unexplained movement of accounts to different institutions, etc.
- Politically exposed persons (PEPs), customers who are close relatives of PEPs and accounts of which a PEP is the ultimate beneficial owner
- Customer onboarded via Non-face-to-face mode
- High net worth individuals (HNIs) whose net worth is > 20 Crore in assets and deals in high value or precious goods (eg. jewel, gem and precious metals dealers, art and antique dealers and auction houses)
- Sleeping partners or partnership firms with family members acting as sleeping partners (sleeping partners refer to partners who are partners in the firm but are not actively involved in the partnership. Includes a third party who acts as a sleeping partner.)
- Influential Persons like celebrities, actors, business coaches etc.
- Companies having close family shareholding or beneficial ownership

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

- Companies with Complex business ownership structures, which can make it easier to conceal underlying beneficiaries, where there is no legitimate commercial rationale
- Shell companies which have no physical presence in branch locations. The existence simply of a local agent or low-level staff does not constitute physical presence
- Accounts for "gatekeepers" such as accountants, lawyers, or other professionals for their clients where the identity of the underlying client is not disclosed to DSP Finance
- Client Accounts managed by professional service providers such as law firms, accountants, agents, brokers, fund managers, trustees, custodians etc.
- Gambling/gaming including "Junket Operators" arranging gambling tours;
- Jewellers and Bullion Dealers
- Dealers in high value or precious goods (e.g. gem and precious metals dealers, art and antique dealers and auction houses, estate agents and real estate brokers)
- Customers engaged in a business which is associated with higher levels of corruption (e.g., arms manufacturers, dealers and intermediaries)
- Customers engaged in industries that might relate to nuclear proliferation activities or explosives
- Customers that may appear to be Multi-level marketing companies etc.

Medium Risk Customers

- Self-employed professionals - including individual independent professionals / proprietary concerns like practising Chartered Accountants, practising Company Secretaries, Lawyers, Notaries).
- Self employed non-professional, including self-employed individuals engaged in cash intensive businesses like restaurants, gas station, retail shops, parking garages, fast food stores, travel agency, telemarketers, movie theatres, used car dealers, auctioneers etc. and import/ export business persons, DSAs, collection agencies and others not forming part of the list above.
- Partnership firms (other than those classified as "High risk"). This includes registered partnership firms, unregistered partnership firms, Limited Liability Partnerships.
- Private limited Company
- Association of Persons / Body of individuals
- Others such as
 - Stock brokers
 - Car / Boat / Plane Dealership
 - Electronics (wholesale)
 - Travel agencies
 - Telemarketers
 - Providers of telecommunications service, internet café, International direct dialing (IDD) call service

Low Risk Customers

DSP FINANCE PRIVATE LIMITED
(Formerly known as DSP Investment Managers Private Limited)
KYC and AML Policy

All other customers (other than High and Medium Risk category) whose identities and sources of wealth can be easily identified and by and large conform to the known customer profile, may be categorised as low risk. In such cases, only the basic requirements of verifying the identity and location of the customer are to be met.