

NBFC KYC Policy

Wellworth Financial Services Pvt. Ltd.

Document Version 1.0

Confidential

CONFIDENTIALITY CLAUSE

This NBFC framework of process & policy is being internal policy documents of **Wellworth Financial Services Private Limited** under the condition that the contents of this document will not be divulged to any third party without the express written consent of the Management. It is also understood that the consulting team will not divulge any confidential information about the Company that it may have acquired in preparing and finalizing this NBFC framework of process & policy.

“Know Your Customer” (KYC) Policy

(I) Preamble:

Reserve Bank of India (RBI) on February 25, 2016 (bearing ref no. **RBI/DBR/2015-16/18 DBR.AML.BC. No.81/14.01.001/2015-16**) notified the Know your customer (KYC) Directions, 2016 (**KYC Directions, 2016**), inter alia, directing that every Regulated Entity shall have a Know your customer (KYC) Policy duly approved by the Board of Directors. These directions have been issued by the RBI in terms of the provisions of Prevention of Money-Laundering Act, 2002 (**PMLA**) and the Prevention of Money-Laundering (Maintenance of Records) Rules 2005.

Wellworth Financial Services Limited (Wellworth) is categorized as a Systemically Important Non-deposit taking NBFC (Regulated Entity as defined under these Directions). It engaged in the business of financing activity.

Accordingly, the following KYC Policy has been adopted by the Board suitably, superseding the existing KYC & PMLA Policy of the Company, as amended from time to time.

(II) Objectives:

To have a clearly laid out:

1. **Customer acceptance policy,**
2. **Risk Management policy,**
3. **Customer Identification process and**
4. **Monitoring of transactions**

with a view to: -

- (i) put in place an effective system and procedure for customer identification and verifying its / his / her identity and residential address and conduct customer due diligence (**CDD**) based on the risk factor associated with each customer;
- (ii) have in place a system of assessing and monitoring the risk factors associated with each customer;
- (iii) put in place a system of checks and balances to ensure formulation and effective implementation of procedures to help control and mitigate the risk of occurrence of financial frauds, swiftly identify probable transactions of money laundering and related suspicious activities and safeguarding WELLWORTH from being unwittingly used as a conduit for transfer or deposit of funds derived from criminal activity or for financing of terrorism, irrespective of whether such money can be traced to a specific act of terrorism or not;
- (iv) **monitor transactions of a suspicious nature and report the same to the Financial Intelligence Unit- India (FIU- IND); verification and maintenance of records of transactions of customers in accordance with PMLA and the Rules made thereunder.**

(III) **Definitions:**

For the purpose of this Policy, -

“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.

Other terms not specifically defined here shall have the same meaning as assigned to them under the KYC Directions, 2016 or the PMLA.

IV) **Customer Acceptance Policy (CAP), Risk Management, Customer Identification Procedure (CIP), Monitoring of Transactions:**

1. **Customer Acceptance Policy**

- Customers who are acceptable to WELLWORTH as per the Risk categorization should fulfil all criteria related to submission of Officially Valid Documents (OVD) as defined by RBI from time to time and more specifically stated under the Customer Identification Procedure in the table set out separately.
- WELLWORTH shall refrain from opening an account, where WELLWORTH is unable to apply appropriate Customer Due Diligence (CDD) measures.
- In the event, the customer is permitted to act on behalf of another person/entity, WELLWORTH shall verify that the customer has the necessary authority to do so by scrutinizing the authorizing document/s.
- An account shall not be opened in an anonymous or fictitious/ benami name(s) and WELLWORTH will also use RBI caution advices in determining the customer acceptance framework.
- ‘Optional’/additional information, shall be obtained with the explicit consent of the customer after the account is opened.
- CDD Procedure shall be followed for all the joint account holders, while opening a joint account.

2. **Risk Management**

- Risk categorization of customers shall be undertaken on the basis of various factors, such as nature of employment, business activity of the customer, location of customer and his/its clients, mode of payments, volume of turnover, social / financial status and credit history. WELLWORTH may at its discretion identify additional factors that it may wish to utilize for customer acceptance based on risk profile determined by WELLWORTH.
- The company may categorize its customers into ‘High Risk / Medium Risk / Low Risk’ according to risk perceived based on its experience and review it from time to time.

The company may devise procedures for creating risk profiles of its existing and new customers and apply various Anti- Money Laundering measures keeping in view the risks involved in a financial transaction or a business relationship. The company's internal audit and compliance functions shall play an important role in evaluating and ensuring adherence to KYC policies and procedure, including legal and regulatory requirement. The compliance in this regard is being and will continue to be put up before the board of director on a periodical basis.

3. Customer Identification Procedure

- WELLWORTH shall ensure that customer identification process is undertaken, whenever an account based relationship is being established.
- While undertaking customer identification, WELLWORTH shall ensure that the decision-making functions of determining compliance with KYC shall not be outsourced.
- WELLWORTH shall be adequately satisfied with the information furnished by each new customer with respect to identity of the customer and the purpose of the intended nature of relationship with WELLWORTH. The satisfaction of WELLWORTH with respect to the information/ documents furnished by the customers should be such that if circumstances necessitate, WELLWORTH shall ensure that it is in a position to satisfy the competent authorities that CDD was duly observed by WELLWORTH, based on the risk profile/categorization of the customer.
- As stated in the Customer Acceptance Policy, WELLWORTH shall ensure that its customer is not a fictitious person by verifying the identity of the customer through documentation and shall also carry out necessary checks, so as to confirm that the identity of the customer on the basis of the documents obtained does not match with any person with known criminal background or with banned entities, such as individual terrorists or terrorist organizations. The in-person verification shall be done for the client.
- One or more of the following valid self-attested documents may be called for from the customers as OVD, containing details of proof of their identity and address

Type of Customer	Officially Valid Documents
<u>In case of Individuals</u>	<p>Identity proof: (Copy of one of the following)</p> <ul style="list-style-type: none"> • Passport • Driving Licence • Income Tax PAN Card • Voter's Identity Card • Aadhar Card <p>Residence proof: (Copy of one of the following)</p> <ul style="list-style-type: none"> • Utility Bill (Latest Telephone / Post-paid mobile / Electricity bill) • Property or Municipal Tax receipt • Bank Account or post office savings bank account statement • Passport • Driving Licence • Voter's Identity Card • Aadhar Card <p>A copy of the marriage certificate or Gazette notification, in case of change in name</p>
<u>In case of Non-Individual (As applicable)</u>	<p>Identity & Residence proof (Copies of the following)</p> <ul style="list-style-type: none"> • Income Tax PAN Card • Incorporation Certificate & Memorandum & Articles of Association (Registration Certificate & Deed, in case of Partnership firm/Trust) • CST/VAT/Service Tax registration / Shops & Establishment Certificate, as applicable • List of Directors/Partners/Trustees along with their OVDs as above. • Latest shareholding pattern, along with the list of major shareholders having more than 25% of holding, in case of company. • Utility bill

- The e-KYC service of Unique Identification Authority of India (UIDAI) shall be accepted as a valid process for KYC verification under the PML Rules.
- In addition to verification through one or more of the above said documents, the company may also call for suitable introduction by a person known to the company/group companies.

- **Identification of Beneficial Owner**

For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and all reasonable steps 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 to be 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.

4. Monitoring of Transactions:

- i. The company normally does not and would not have large cash transactions. However, if and when cash transactions of Rs.10 lakhs and above are undertaken, the company will keep proper record of all such cash transactions in a separate register maintained at its office.
- ii. The company shall monitor transactions of a suspicious nature on an ongoing basis for the purpose of reporting it to the appropriate authorities. The extent of monitoring by the Company will depend on the risk sensitivity of the account and special attention will be given to all complex unusually large transactions, which have no apparent economic or lawful purpose.
- iii. The company shall promptly report such high value cash transactions or transactions of a suspicious nature to the appropriate regulatory and investigating authorities, as per the provisions of the PMLA and the Rules.
- iv. WELLWORTH shall exercise caution with respect to the transactions with persons (including legal persons and other financial institutions) from the countries which have been identified by Financial Action Task Force (FATF) as high risk and non-cooperative jurisdictions with respect to compliance with the FATF Recommendations, 2012.

• On-going Due Diligence

WELLWORTH shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers' business and risk profile; and the source of funds. The extent of monitoring shall be aligned with the risk category of the customer.

• Periodic Updation

Periodic updation shall be carried out at least once every two years, for high risk customers, once every eight years, for medium risk customers and once every ten years, for low risk customers

▪ Enhanced Due Diligence

○ Accounts of Politically Exposed Persons (PEPs):

Politically Exposed Persons (PEPs) are individuals, who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States/Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.

Generally, WELLWORTH would not open accounts of PEP. Decision to deal with such persons as a customer shall be taken up at a senior management level and shall be subjected to enhanced monitoring.

- **Simplified KYC norms for Foreign Portfolio Investors (FPIs)**

Accounts of FPIs which are eligible/ registered as per SEBI guidelines, for the purpose of investment under Portfolio Investment Scheme (PIS), shall be opened by accepting KYC documents as prescribed by RBI, subject to Income Tax (FATCA/CRS) Rules.

- **Information obtained from Customers**

All the information collected from the customers by WELLWORTH shall be kept confidential and all such information shall be treated as per the agreement/terms and conditions signed by the customers. Additionally, the information sought from each customer should be relevant to the risk perceived in respect of that particular customer, should not be intrusive and should be in line with the guidelines issued by the RBI in that behalf.

- **Record Management**

WELLWORTH shall take steps in the direction of maintenance and preservation of the records pertaining to KYC and transactions for the time duration of 5 years for KYC-related and transaction-related documents as prescribed by RBI.

- **Other Requirements**

All other requirements under FATCA/CRS/PML/FIU-Ind relating to appointment of designated officer/director, principal officer and reporting requirements relating to filing of Suspicious Transaction Report (STR), Cash Transaction Report (CTR), counterfeit currency report (CCR) and other applicable reports filing under FATCA will be complied with in terms of the direction of the RBI or the other authorities to the extent applicable to WELLWORTH.

=====