

RAINBOW INVESTMENTS LIMITED

KNOW YOUR CUSTOMER POLICY AND ANTI MONEY LAUNDERING POLICY

The objective of 'Know Your Customer (KYC) Policy' is for Rainbow Investments Limited ('Rainbow' or 'Company') to know / understand its customers and their financial dealings and help the Company to control financial frauds, identify money laundering and suspicious transactions, combating financing of terrorism and careful scrutiny/ monitoring of large value of cash transactions manage its risks prudently.

INTRODUCTION

The Company commits itself to the highest standards of transparency, compliance and fair practices while meeting the business needs of corporates in a timely and effective manner. The Company intends that its business, be conducted in accordance with the prevailing statutory and regulatory requirements with due focus on efficiency, customer-orientation and corporate governance principles.

The Reserve Bank of India, vide its Circular no. DNBS(PD).CC48/10.42/2004-05 dated 21st February 2005, issued revised KYC guidelines to all the Banking as well as Non-Banking Finance Companies (NBFCs). These guidelines were issued in February 2005 revisiting the earlier guidelines issued in January 2004 in the context of the Recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT). These guidelines were issued in the context of the recommendations made by the Financial Action Task Force (FATF) on AML and CFT. These guidelines have since then been reviewed and updated by the RBI from time to time. Under these guidelines all the NBFCs are required to ensure that proper framework of policies for KYC, AML and CFT is put in place with the approval of their respective Board of Directors. These guidelines are issued by the RBI under sections 45K and 45L of the Reserve Bank of India Act, 1934. The Company has amended its' policy based on the Direction No. DOR.AML.REC.No.280/14.01.003/2025-26, dated 28-10-2025 as amended from time to time. The Company had adopted updated Know Your Client (KYC) Policy pursuant to the above circulars.

KNOW YOUR CUSTOMER (KYC) GUIDELINES OF RBI

The Company shall adopt all the best practices prescribed by RBI from time to time and shall make appropriate modifications, whenever necessary to this policy to conform to the standards, so prescribed. This policy is applicable across all branches/ business segments of the company. The Policy is to be read in conjunction with related operational guidelines issued from time to time and necessarily read with reference to the changes / modifications as advised by RBI from time to time and shall adopt a risk-based approach for periodic updation of KYC ensuring that the information or data collected under Customer due diligence (CDD) is kept up-to-date and relevant, particularly where there is high risk.

The guidelines with regard to Know Your Customer (KYC) norms as required by Reserve Bank of India , the following policy are framed and adopted by the Company as hereunder:-

COMPANY's KYC policy has the following four key elements:

- (i) Customer Identification Procedure;
- (ii) Customer Acceptance Policy;
- (iii) Monitoring of Transactions; and
- (iv) Risk management.

KEY WORDS:

Customer/Client means a person who is engaged in a financial transaction or activity with the Company and includes a person, on whose behalf the person who is engaged in the transaction or activity, is acting.

DEFINITIONS: The Policy shall have the same definitions as defined in the Guidelines as amended/modified from time to time.

Company carries out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.

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

(i) Customer Identification Procedure

Customer identification means identifying the customer and verifying his/ her/ its identity by using reliable, independent source documents, data or information. The Company must obtain the necessary information to establish the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship. The Company must carry out the identification procedure at different stages, i.e. while establishing a relationship; carrying out a financial transaction or when the Company has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data. The company should verify:

1. At the time of commencement of an account-based relationship, identify its clients, verification of their identity using reliable and independent sources of identification or from

Central KYC Records Registry and obtain information on the purpose and intended nature of the business relationship,

2. Taking reasonable steps to understand the nature of the customer's business and its ownership and control
 3. 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.
 4. When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained and
5. In all other cases, verify identity while carrying out :
- a) 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
 - b) Any international money transfer operations.

The Customer Identification Procedure is to be carried out at the following stages i.e.

While establishing a relationship

- In case of a customer who intends to avail ICDs, at the time the duly completed application form is received from the prospective borrower.
- In case of a customer who is a repeat customer/associate of the Company, a duly updated check on credentials at the time when repeat application form is received for processing.

While carrying out a financial transaction:

- In case of a borrower, a financial transaction is said to have been carried out when the Company issues a sanction letter to the borrower or at the time of disbursing the first disbursement.
- The Company will obtain sufficient information necessary to establish, to their satisfaction, the identity of each new customer, whether regular or occasional and the purpose of the intended nature of relationship and to obtain / information as required under Prevention of Money Laundering (Maintenance of Records) Rules, 2005. A list of the nature and type of documents/information that may be relied upon for customer identification is given in the **Annex-I**.

1. Beneficial Ownership

The Company determines the beneficial ownership and controlling interest in case of applicants who are not individuals and completes the KYC of the beneficial owners.

S. No.	Applicable for	Guidelines	
(i)	Where the client is a company	The beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means	a. Ownership of/entitlement to more than 10 % of shares or capital or profits of the company b. Control shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.
(ii)	Where the client is a partnership firm or a company	The beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person	Ownership of/entitlement to more than 10% of the capital or profits of the partnership or who exercises control through other means.
(iii)	Where the client is an unincorporated association or body of individuals	The beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person.	Ownership of/entitlement to more than 15% of the property or capital or profits of such association or body of individuals
(iv)	Where no natural person is identified under (i), (ii), or (iii) above.	The beneficial owner is the relevant natural person who holds the position of senior managing official.	
(v)	Where the client is a trust	The identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 15% 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.	

(vi)	Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company	Not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies
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There are certain indicative guidelines issued by RBI from time to time for customer identification requirements with regard to matters, such as Trust / Nominee or Fiduciary Accounts, Accounts of companies & firms, Client Accounts opened by professional intermediaries, Accounts of Politically Exposed Persons resident outside India and Accounts of non-face-to-face customers and these guidelines should be adhered to the extent applicable.

(ii) Customer Acceptance Policy:

The Company will ensure that elaborate standard procedures are in place on the following aspects of customer relationships.

- No account is opened in anonymous or fictitious/benami name(s)
- Obtaining comprehensive information depending on the perceived risk and in accordance with the guidelines issued by the RBI regarding new customers at the initial stage
- Collecting information and documents in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of The Prevention of Money Laundering Act (PML Act), 2002 and guidelines issued from time to time. The Company may apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the utilization of funds are not clear. Examples of customers requiring higher due diligence may include :

1. Non-resident customers,
2. High net worth individuals,
3. Trusts, charities, NGOs and organisations receiving donations,
4. Companies having close family shareholding or beneficial ownership,
5. Firms with 'sleeping partners',
6. Politically exposed persons (PEPs) of foreign origin,
7. Non-face to face customers, and
8. Those with dubious reputation as per public information available, etc.

- Taking appropriate steps to verify the identity and /or obtain documents required as per the risk categorization. The Company must refuse to open an account where the prospective customer does not co-operate with the Company in obtaining these details or where the Company is not sure about the reliability of the data furnished by the prospective customer.
- Taking adequate steps to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organisations, etc.
- 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, Company 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.
- Ensuring that circumstance in which a customer is permitted to act on behalf of another person / entity will be clearly spelt out in conformity with the established law and as there could be occasions when an account is operated by a mandate holder or where an account is opened by an intermediary in the fiduciary capacity.
- If the COMPANY is unable to apply appropriate KYC measures due to non-furnishing of information and /or non-cooperation by the customer, COMPANY may consider closing the account or terminating the business relationship after issuing due notice to the customer explaining the reasons for taking such a decision.

The Company will undertake adequate steps to ensure that the implementation of this policy must not become too restrictive and must not result in denial of the Company's services to general public, especially to those, who are financially or socially disadvantaged including the persons with disabilities (PwDs). The company shall ensure that no application for onboarding or periodic updation of KYC to be rejected without application of mind and reason(s) of rejection if any, shall be duly recorded by the concerned person. The RE shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.

Accounts of Politically Exposed Persons (PEPs):

The Company shall have the option of establishing a relationship with PEPs (whether as customer or beneficial owner) provided that, apart from performing normal customer due diligence: (a) REs have in place appropriate risk management systems to determine whether the customer or the beneficial owner is a PEP; (b) Reasonable measures are taken by the REs for establishing the source of funds/wealth; (c) the approval to open an account for a PEP shall be obtained from the senior management; (d) all such accounts are subjected to enhanced monitoring on an on-going basis; (e) in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management's approval is obtained to continue the business relationship; B. These instructions shall also be applicable to family members or close associates of PEPs.

(iii) Monitoring of Transactions and maintenance and preservation of records:

Ongoing monitoring is an essential element of effective KYC procedures. COMPANY can effectively control and reduce their risk only if they have an understanding of 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. COMPANY shall monitor and also maintain a record of a transaction of all the loan accounts where there has been a receipt or payment. No cash transactions for either disbursement or repayment of ICDS shall be allowed.

COMPANY shall have in place a comprehensive transaction monitoring process from a KYC/AML perspective. The Company shall put in place strong transaction alerts which will provide proactive signals on suspicious transactions and possible money laundering, The ICD monitoring team shall endeavour to update the list based on current understanding of the market scenario and trading patterns followed by clients.

The Company is required to maintain proper record of transactions as prescribed under Rule 3, of the Prevention of Money-Laundering (Maintenance of records of the nature and value of transactions, the procedure and manner of maintaining and time for furnishing information and verification and maintenance of records of the identity of the clients of the (Banking Companies, Financial Institutions and Intermediaries) Rules, 2005). Special attention is required for all complex, unusually large transactions / patterns which appear to have no economic purpose. The background including all documents, office records and clarifications pertaining to such transactions and their purpose will be-examined carefully and findings will be recorded. Such findings, records and related documents would be made available to auditors and also to SEBI/FMC/Stock Exchanges/FIU-IND/Other relevant authorities, during audit, inspection or as KYC/AML Policy and when required. These records are to be preserved for such period of time as prescribed under PMLA 2002 or any rules made thereafter.

(iv) Risk Management

The aim of this policy is to ensure that an effective KYC programme is in place by establishing appropriate procedures and ensuring their effective implementation. Responsibility should be explicitly allocated within the Company for ensuring that the policies and procedures are implemented effectively by Senior Management.

The information available from the customers to prove their identity will determine the risk perception. However, for proper risk assessment of business relationship with customers, the customers will be broadly classified as Low risk, Medium Risk and High Risk, based on the risk perceived as per the Risk management Policy of the Company.

For medium and high risk customers, COMPANY may draw up additional precautions to be taken while dealing with such customers in conjugation with the Risk Management Committee. The Principal Officer at the management level shall formulate a procedure for the risk assessment of such medium and high risk customers.

The Company shall undertake risk categorisation based on parameters such as the customer's identity, social / financial status, nature of business activity, and information about the customer's business and its location, geographical risk covering customers as well as transactions, type of products / services offered, delivery channel used for delivery of products / services, types of transactions undertaken such as cash, cheque / monetary instruments, wire transfers, forex transactions, etc. The Company may also factor in the ability to confirm identity documents through online or other services offered by issuing authorities, while considering customer's identity

The Risk Management Committee shall specifically check and verify the application of KYC/AML procedures and comment on the lapses observed in this regard. The reports and compliance in this regard shall also put up before the Risk Management Committee of the Board at regular intervals.

The On-going due diligence should be done as per revised guidelines of RBI.

"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.

Updation / Periodic Updation of KYC:

The Company has a policy to conduct KYC periodically. This shall include performing KYC at the time of opening of account with the Company for the first time and subsequently within 60 days of starting of every ensuing financial year. However, as per risk assessment and evaluation by the management of the Company, KYC may be performed during the year.

For all types of loans, including to individual or other than individuals, in case of no change in KYC information, the Company shall obtain a self-declaration from the customer/authorised representative in this regard through the customer's email-id registered with the NBFC or Letter stating that there is no change in the details submitted at the time of opening of account of the said Borrower.

In case of change of any KYC information obtained from the Borrower, the Company shall undertake KYC process equivalent to that applicable for onboarding a new customer.

The NBFC shall advise the customers that in order to comply with the PML Rules, in case of any update in the documents submitted by the customer at the time of establishment of relationship and thereafter, as necessary; customers shall submit to the NBFC 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 the NBFC's end.

The Company shall intimate its customers, in advance, to update their KYC. Prior to the due date of periodic updation of KYC, the Company shall give at least 3 advance intimations, including at least one intimation by letter, at appropriate intervals to its customers through available communication channels for complying with the requirement of periodic updation of KYC. Subsequent to the due date, the NBFC shall give at least three reminders, including at least one reminder by letter, at appropriate intervals, to such customers who have still not complied with the requirements, despite advance intimations. The letter of intimation / reminder may, inter alia, contain easy-to-understand instructions for updating KYC, escalation mechanism for seeking help, if required, and the consequences, if any, of failure to update their KYC in time. Issue of such advance intimation / reminder shall be duly recorded in the NBFC's system against each customer for audit trail.

Appointment of a Principal Officer and his duties:

The Company Secretary or any other authorised officer of the Company shall be designated as Principal Officer to discharge responsibilities

1. The Principal Officer and other appropriate staff should have timely access to customer identification data and other CDD information, transaction records and other relevant information.
2. The Company will ensure that the Principal Officer is able to act independently and report directly to the senior management or to the Board of Directors.
3. The role and responsibilities of the Principal Officer should include overseeing and ensuring overall compliance with regulatory guidelines on KYC/AML/CFT issued from time to time and obligations under the Prevention of Money Laundering Act, 2002, rules and regulations made thereunder, as amended from time to time.

Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder

NBFCs were advised to appoint a Principal Officer and put in place a system of internal reporting of suspicious transactions and cash transactions of Rs.10 lakh and above. In this connection, Government of India, Ministry of Finance, Department of Revenue, issued a notification dated July 1, 2005 in the Gazette of India, notifying the Rules under the Prevention of Money Laundering Act (PMLA), 2002. In terms of the Rules, the provisions of PMLA, 2002 came into effect from July 1, 2005. Section 12 of the PMLA, 2002 casts certain obligations on the NBFCs in regard to preservation and reporting of customer information.

With the enactment of Prevention of Money Laundering (Amendment) Act, 2012 and amendment to Section 13 of the Act which provides for "Powers of Director to impose fine", the section 13(2) now reads as under:

“If the Director, in the course of any inquiry, finds that a reporting entity or its designated director on the Board or any of its employees has failed to comply with the obligations under this Chapter, then, without prejudice to any other action that may be taken under any other provisions of this Act, he may—

(a) issue a warning in writing;

or

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

or

(c) direct such reporting entity or its designated director on the Board or any of its employees, to send reports at such interval as may be prescribed on the measures it is taking;

or

(d) by an order, levy a fine on such reporting entity or its designated director on the Board or any of its employees, which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure.”

In view of the above amendment, the Company has Mr. Harish Toshniwal appointed as the “Designated Director” to ensure compliance with the obligations under the Prevention of Money Laundering (Amendment) Act, 2012 and his functions shall be to act according to the guidelines given above.

Maintenance and Preservation of records

The Company should take appropriate steps to evolve a system for proper maintenance and preservation of customer information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. The identification records and transaction data should be made available to the competent authorities upon request.

The Company shall put in place a system of maintaining proper record of transactions prescribed, as mentioned below:

(i) any cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;

(ii) all series of cash transactions integrally connected to each other which have been valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;

(iii) all transactions involving receipts by non-profit organizations of value more than rupees ten lakh, or its equivalent in foreign currency;

- (iv) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- (v) all suspicious transactions whether or not made in cash and in manner as mentioned in the Rules framed by Government of India under the Prevention of Money Laundering Act , 2002;
- (vi) all cross border wire transfers of the value of more than five lakh rupees or its equivalent in foreign currency where either the origin or destination of fund is in India;
- (vii) all purchase and sale by any person of immovable property valued at fifty lakh rupees or more that is registered by the reporting entity, as the case may be

Information to be preserved:

The Company is required to maintain the following information in respect of transactions:

- (i) the nature of the transactions;
- (ii) the amount of the transaction and the currency in which it was denominated;
- (iii) the date on which the transaction was conducted; and
- (iv) the parties to the transaction.

Reporting to Financial Intelligence Unit-India

In terms of the PMLA rules, NBFCs are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address: **Director, FIU-IND, Financial Intelligence Unit-India, 6th Floor, Hotel Samrat, Chanakyapuri, New Delhi-110021**

(a) The cash transaction report (CTR) if any for each month should be submitted to FIU-IND by 15th of the succeeding month. While filing CTR, individual transactions below rupees fifty thousand may not be included. Cash transaction reporting by branches/offices of NBFCs to their Principal Officer should invariably be submitted on monthly basis **(not on fortnightly basis)** and the Principal Officer, in turn, should ensure to submit CTR for every month to FIU-IND within the prescribed time schedule;

(b) The Suspicious Transaction Report (STR) should be furnished within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion once a suspicious transaction report is received from a branch or any other office. Such report should be made available to the competent authorities on request;

(c) The Principal Officer will be responsible for timely submission of CTR and STR to FIU-IND;

- (d) Utmost confidentiality should be maintained in filing of CTR and STR with FIU-IND. The reports may be transmitted by speed/ registered post, fax, email at the notified address;
- (e) It should be ensured that the reports for all the branches are filed in one mode i.e. electronic or manual;
- (f) A summary of cash transaction report for the NBFC as a whole may be compiled by the Principal Officer of the NBFC in physical form as per the format specified. The summary should be signed by the Principal Officer and submitted both for manual and electronic reporting.

The Company, its directors, officers, and all employees shall ensure that the fact of maintenance of records referred to in rule 3 of the PML (Maintenance of Records) Rules, 2005 and furnishing of the information to the Director is confidential. However, such confidentiality requirement shall not inhibit sharing of information under Section 4(b) of this Master Direction of any analysis of transactions and activities which appear unusual, if any such analysis has been done.

Compliance of the KYC Policy:-

The Company Secretary or the authorised officer of the Company shall be responsible for implementation of KYC Policies and procedures.

Annex-1

CUSTOMER IDENTIFICATION PROCEDURE FEATURES TO BE VERIFIED AND DOCUMENTS THAT MAY BE OBTAINED FROM CUSTOMERS	
Features	Documents (Certified copy)
Individuals	
- Legal name and any other names used	(i) Passport (ii) PAN card (iii) Voter's Identity Card (iv) Driving license (v) Identity card (subject to the HFC's satisfaction) (vi) Aadhar Card (vii) Photo on Bank Pass Book duly attested by issuing authority (viii) Employee ID card (in case of Government employee) (ix) Ration card affixed with photograph taken by the rationing authority provided it matches with recent photograph of the applicant to the loan (x) Letter from a recognized public authority or public servant verifying the identity and residence of the customer. (xi) the KYC Identifier with an explicit consent to download records from CKYCR; and

- Correct permanent address	(i) Telephone bill (ii) Bank Account statement (iii) Letter from any recognized public authority (iv) Electricity bill (v) Ration card (vi) Voter ID (vii) Rent Agreement (viii) Driving Licence (ix) Passport copy (x) Aadhar card (xi) Letter from employer (any one document which provides customer information to the satisfaction of the company will suffice) One recent passport size photograph except in case of transactions referred to in Rule 9(1)(b) of the PML Rules. (xii) the KYC Identifier with an explicit consent to download records from CKYCR; and
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Companies

(i) Name of the Company (ii) Certificate of incorporation (iii) Address Proof of the Company (iv) PAN Card (v) List of Directors and Significant Owners, i.e., holding more than 20% of the Share Capital (vi) Memorandum & Articles of Association (vii) Resolution from the Board of Directors and Power of Attorney granted to its managers, officers or employees to transact business on its behalf (viii) valid identity proof of the managers, officers or employees holding an attorney to transact on its behalf (ix) Telephone Bill, (x) List of Shareholders (beneficial owners), document relating managers, officers or employees as the case may be holding an attorney to transact on the Company's behalf. (xi) List of Directors and Key Management Person. (xii) The registered office and principal place of business.

Trusts & Foundations

- Names of Trust or Foundation
- Registration Documents
- Address proof and PAN Card
- Telephone/fax numbers/email.

(i) Certificate of registration, if registered (ii) Trust deed (iii) Power of Attorney granted to transact business on its behalf (iii) Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/ managers/ directors and their addresses (iv) Resolution of the managing body of the foundation/association. (v) Telephone Bill, (vi) Document relating to beneficial owner, managers, officers or employees as case may be holding an attorney to transact on its behalf. (vii) list of trustees and documents, as specified in Section 16, for those discharging the role as trustee and authorised to transact on behalf of the trust. (viii) the address of the registered office of the trust

Unincorporated association or a body of individuals

(i) Resolution of the managing body of such association or body of individuals (ii) Power of attorney granted to him to transact on its behalf (iii) An officially valid document in respect of the person holding an attorney to transact on its behalf (iv) And such other information as may be required by HFC to collectively establish the legal existence of such as association or body of individuals, (v) Documents, as specified in Section 16, relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and

Secrecy Obligations and Sharing of Information

The NBFC shall maintain secrecy regarding the customer information that arises out of the contractual relationship between the NBFC and the customer.

(2) The NBFC shall treat information collected from customers for the purpose of opening of account as confidential and shall not divulge details thereof for the purpose of cross-selling, or for any other purpose without the express permission of the customer.

(3) While considering the requests for data / information from Government and other agencies, the NBFC 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.

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

(i) Where disclosure is under compulsion of law,

(ii) Where there is a duty to the public to disclose,

(iii) Where the interest of the NBFC requires disclosure, and

(iv) Where the disclosure is made with the express or implied consent of the customer.

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

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

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

1. The NBFC shall ensure that in terms of section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967 and amendments thereto, it does not have any account

in the name of individuals / entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC). The details of the two lists are as under:

- The 'ISIL (Da'esh) & Al-Qaida Sanctions List', established and maintained pursuant to Security Council resolutions 1267 / 1989 / 2253, which includes names of individuals and entities associated with Al-Qaida, is available at www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list
 - The 'Taliban Sanctions List', established and maintained pursuant to Security Council resolution 1988 (2011), which includes names of individuals and entities associated with the Taliban is available at <https://www.un.org/securitycouncil/sanctions/1988/materials>
2. The NBFC 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 NBFC shall verify the aforementioned lists, i.e., UNSC Sanctions Lists and lists as available in the Schedules to the Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007, as amended from time to time, on a daily basis, and any modifications to the lists in terms of additions, deletions or other changes shall be taken into account by the NBFC for meticulous compliance.
 3. The NBFC shall report the details of accounts resembling any of the individuals / entities in the lists to FIU-IND in addition to advising the Ministry of Home Affairs (MHA) as required under UAPA notification dated February 2, 2021 (Annex – I of these Directions).
 4. Freezing of Assets under section 51A of UAPA, 1967: The NBFC shall strictly follow the procedure laid down in the UAPA Order dated February 2, 2021 (Annex – I of these Directions), and shall ensure the meticulous compliance with the Order issued by the Government. The list of Nodal Officers for UAPA is available on the website of MHA.

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

(1) The NBFC shall ensure meticulous compliance with the 'Procedure for Implementation of section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005' laid down in terms of section 12A of the WMD Act, 2005 vide Order dated September 1, 2023, by the Ministry of Finance, Government of India (Annex – II of these Directions).

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

(3) Further, the NBFC 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 NBFC account, etc.

(4) In case of a match in the above cases, the NBFC 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. The NBFC shall send a copy of the communication to the State Nodal Officer, where the account / transaction is held and to the RBI.

(5) The NBFC may note that, in terms of paragraph 1 of the Order, Director, FIU-India has been designated as the CNO.

(6) The NBFC may refer to the designated list, as amended from time to time, available on the portal of FIU-India.

(7) 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, the NBFC shall prevent such individual / entity from conducting financial transactions, under intimation to the CNO by email, FAX and by post, without delay.

(8) In case the NBFC receives an order to freeze assets under section 12A from the CNO, the NBFC shall, without delay, take necessary action to comply with the Order.

(9) The NBFC shall observe the process of unfreezing of funds, etc., as per paragraph 7 of the Order. Accordingly, the NBFC shall forward a copy of application received from an individual / entity regarding unfreezing, 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.

Review:

The Policy is reviewed and updated periodically by the Board of Directors.