Truhome Finance Limited

(Formerly Shriram Housing Finance Limited)

KYC Anti-Money laundering Policy

DOCUMENT OWNERSHIP & REVIEW PROCESS

Particulars	Details
Version Control	This version dated August 24, 2026, details the policy adopted by Truhome Finance Limited ("Company") for KYC AML Policy
Applicable Regulation	Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025dated November 28, 2025 ("KYC Master Directions") All extant & future circulars/directions/guidelines/guidance notes issued by RBI/NHB as applicable from time to time would be applicable and will supersede the contents of this policy. Any such changes will be incorporated into the policy in due course and placed before the Board for ratification/ approval.
Version No.	3.1
Document Owner	Risk
Review & Modification	Any revision or modification to be approved by the Board of Directors of the company
Review Frequency	Annually

1. INTRODUCTION & OBJECTIVE:

In terms of the provisions of Prevention of Money-Laundering Act, 2002 read with Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, Truhome Finance Limited (Formerly "Shriram Housing Finance Limited") **("Truhome"/ "the Company")** is required to follow certain customer identification procedures while undertaking a transaction either by establishing an account based relationship or otherwise and monitor their transactions. Accordingly, in compliance of the provisions contained under KYC Master Direction and Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Master Directions"), the Company has adopted this KYC Anti-Money Laundering Policy ("the Policy") to know/understand their customers and their financial dealings better which in turn would help them manage their risks prudently and prevent Truhome from being used, intentionally or unintentionally, by criminal elements for money laundering activities.

2. DEFINITIONS:

2.1. In these Guidelines, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below:-

2.1.1. "Aadhaar number" means an identification number as defined under sub-section (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, henceforth the' Aadhaar Act';

2.1.2. "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;

2.1.3. "Authentication" means the process as defined under sub-section (c) of section 2 of the Aadhaar Act;

2.1.4. Beneficial Owner (BO):

a) Where the customer is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have a controlling ownership interest or who exercise control through other means.

Explanation - For the purpose of this sub-clause:-

i. *"Controlling ownership interest" means ownership of/entitlement to more than* 10 *per cent of the shares or capital or profits of the company.*

ii. *"Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.*

b) Where the customer is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership off entitlement to more than 10 per cent of capital or profits of the partnership or who exercises control through other means.

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

c) Where the customer is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has/have ownership off entitlement to more than 15 per cent of the property or capital or profits of the unincorporated association or body of individuals.
Explanation- Term 'body of individuals' includes societies. Where no natural person is identified under (a), (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official.

d) Where the customer is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with 10% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

2.1.5. "Central KYC Records Registry" (CKYCR) means an entity defined under Rule 2(1)(aa) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.

2.1.6. "Customer" means a ‘person', as defined below under Para 2.1.17 below, who is engaged in a financial transaction or activity with Truhome and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

2.1.7. "Customer Due Diligence" (CDD) means "Client Due Diligence" as defined under rule 9 of the Rules and the amendments thereto.

2.1.8. "Customer Identification" means undertaking the process of CDD.

2.1.9. "Designated Director" means a "Designated Director" as defined under rule 2(ba) of the Rules.

2.1.10. “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

2.1.11. "FATCA" means Foreign Account Tax Compliance Act of the United States of America (USA) which, inter alia, requires foreign financial institutions to report about financial accounts held by U.S. taxpayers or foreign entities in which U.S taxpayers hold a substantial ownership interest.

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

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

2.1.14. "Officially Valid Document" (OVD) means OVD as defined under rule 2(l)(d) of the Rules and the amendments thereto.

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

2.1.16. "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 of India.

2.1.17. "Person" has the same meaning as defined in the *Act* and includes:

a) an individual,
b) a Hindu undivided family,
c) a company,
d) a firm,
e) an association of persons or a body of individuals, whether incorporated or not,
f) every artificial juridical person, not falling within anyone of the above persons (a to e), and
g) any agency, office or branch owned or controlled by any of the above persons (a to f).

2.1.18. "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/ judicial/ military officers, senior executives of state-owned corporations, important political party officials, etc.

2.1.19. "Principal Officer" means an officer at the management level nominated by the Company, responsible for furnishing information as per rule 8 of the Rules.

2.1.20. "Suspicious Transaction" means "Suspicious Transaction" as defined under rule 2(g) of the Rules

2.1.21. "Transaction" means "Transaction" as defined under rule 2(h) of the Rules.

2.1.22. “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).

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

3. KNOW YOUR CUSTOMER (KYC) POLICY:

3.1. Truhome has framed Policy on 'Know Your Customer' (KYC) and 'Anti Money Laundering (AML) Measures' duly approved by its Board of Directors.

3.2. The policy includes following four key elements:

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

3.3 Money Laundering and Terrorist Financing Risk Assessment:

(a) The Company shall carry out ‘Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment’ exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for customers, 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, the Company shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with Company from time to time.

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

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

The company follows Risk Based Approach (RBA) for mitigating Money Laundering (ML) and Terrorist Financing (TF) risks. The framework for a Risk-Based Approach to mitigate ML and TF risks is covered as part of Annexure II.

4. DESIGNATED DIRECTOR:

a) "Designated Director" means a person designated by the Company to ensure overall compliance with the obligations imposed under Chapter IV of the Act and the Rules and shall be nominated by the Board of the Company.
b) The name, designation and address of the Designated Director, including changes from time to time, shall be communicated to the Director, FIU-IND and also to the National Housing Bank ("NHB").
c) Further, the name, designation, address and contact details of the Designated Director shall also be communicated to the RBI.
d) In no case, the 'Principal Officer' shall be nominated as the 'Designated Director'.

5. PRINCIPAL OFFICER:

a) The Company shall appoint a "Principal Officer (PO)", Presently the Chief Compliance Officer (or his successor in future) is apponted as PO

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

c) The name, designation and address of the Principal Officer, including changes from time to time, shall be communicated to the Director, Financial Intelligence Unit - India (FIU-IND) and also to NHB; Further, the name, designation, address and contact details of the Principal Officer shall also be communicated to the RBI.

6. COMPLIANCE OF KYC POLICY:

The Company shall ensure compliance with KYC Policy through:

a) Specifying as to what constitutes 'Senior Management' for the purpose of KYC compliance.
b) Allocation of responsibility for effective implementation of policies and procedures.
c) Independent evaluation of the compliance functions of the Company's policies and procedures, including legal and regulatory requirements.
d) Concurrent/internal audit process to verify the compliance with KYC/ Anti-Money Laundering (AML) policies and procedures.
e) Submission of quarterly audit notes and compliance to the Audit Committee.

The Company shall ensure that decision-making functions of determining compliance with KYC norms are not outsourced.

7. CUSTOMER ACCEPTANCE POLICY

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

a) No account is opened in anonymous or *fictitious/ benami* name.
b) No account is opened where the Company is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer the Company shall consider filing an STR, if necessary, when it is unable to comply with the relevant CDD measures in relation to the customer.
c) No transaction or account based relationship is undertaken without following the CDD procedure.
d) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation, is specified.
e) Additional information, where such information requirement has not been specified in the internal KYC Policy of the Company, is obtained with the explicit consent of the customer after the account is opened.
f) CDD Procedure is followed for all the joint account holders, while opening a joint account and is applied at Unique Customer Identification Code (UCIC) level.
g) If an existing KYC compliant customer of the Company desires to open another account or avail any other product or service from the company, there shall be no need for a fresh CDD exercise as far as identification of the customer is concerned.
h) Circumstances in which, a customer is permitted to act on behalf of another person/ entity, is clearly spelt out.
i) Suitable process 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 KYC Master Directions.

j) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
k) Where an equivalent e-document is obtained from the customer, Company shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).
l) Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.
m) The adoption of the Customer Acceptance Policy and its implementation shall not result in denial of the Company's services to general public, especially to those, who are financially or socially disadvantaged.
n) Where the Company 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.

8. RISK MANAGEMENT

Truhome has a risk based approach which includes the following:

a) Customers are to be categorised as low, medium and high risk category, based on the assessment and risk perception of the company.
b) Broad principles are laid down by the Company for risk-categorisation of customers.
c) The Risk categorisation shall be undertaken based on parameters such as customer's identity, social financial status, nature of business activity, and information about the clients' business and their location, geographical risk covering customers.
d) While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may also be factored in.
e) The risk categorisation of a customer and the specific reasons for such categorisation shall be kept confidential and shall not be revealed to the customer to avoid tipping off the customer.
f) 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 would be used in risk assessment.
g) The extent of monitoring shall be aligned with the risk category of the customer. Process for periodic review of risk categorisation of accounts, with such periodicity being at least once in six months, and the need for applying enhanced due diligence measures shall be put in place.
h) Robust process control, throwing alerts when the transactions are inconsistent with risk categorization and updated profile of the customers shall be put in to use as a part of effective identification and reporting of suspicious transactions.

8.1 Risk Categorization rationale:

High Risk:

- Individuals/ legal entities dealing in Gems & Jewellery, Art & antiques and Auction houses or Multi-Level Marketing companies.
- Trusts, charities, NGOs and organizations receiving donations (excluding Employees of the such entities)
- Non-Resident Indians (NRI's) / Merchant Navy Employee
- Politically exposed persons (PEPs)

Medium Risk:

- Salaried applicants with variable income/unstructured income, receiving salary in cash more than INR 50,000 monthly assessed income
- Self Employed professionals with no formal documents like ITR, P&L, Balance Sheet etc and has more that INR 75,000 monthly assessed income.

Low Risk

- All Formal Salaried customers whose salary structures are well defined and receiving salary in account
- People belonging to government department, PSU, Public & private limited and multinational companies.
- Self-employed customers with proper income documents such as ITR, P&L, Balance Sheet etc.
- People belonging to lower economic strata of the society having low turnover or Loan amount <30 lacs.
- Self Employed professionals with no formal documents like ITR, P&L, Balance Sheet etc and less that INR 75,000 monthly assessed income.
- Salaried applicants with variable income/unstructured income, receiving salary in cash/cheque less than INR 50,000 monthly assessed income.
- All other profiles / conditions not mentioned in High / Medium risk will be categorized as Low Risk.

9. CUSTOMER IDENTIFICATION PROCEDURE (CIP)

9.1 Truhome would undertake identification of customers in the following cases:

a) Commencement of an account-based relationship with the customer;When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained; Selling third party products as agents, selling their own products, payment of dues of credit cards/ sale and reloading of prepaid/ travel cards and any other product for more than rupees fifty thousand;(f) When the Company has reason to believe that a customer (account-based) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand;

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

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

10. CUSTOMER DUE DILIGENCE (CDD) PROCEDURE

10.1 Procedure for obtaining identification

a) While undertaking CDD, the Company shall obtain the following information from an individual while establishing an account based relationship with an 'individual' or dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal entity:
    i. The Aadhaar number where he is desirous of receiving any benefit or subsidy under any scheme notified under Section 7 of the Aadhaar Act, or certified copy of an OVD containing details of identity and address, and one recent photograph; and
    ii. the Permanent Account Number (PAN) or Form No. 97 (replacement of form 60) as defined in Income-tax Rules, 1962, as amended from time to time.

Explanation 1- *Obtaining a certified copy by the Company shall mean comparing the copy of OVD so produced by the client with the original and recording the same on the copy by the authorized officer of the Company.*

Explanation 2: *The submission of Aadhaar by an individual as a KYC document in cases other than mentioned at (i) above cannot be insisted upon by the Company. 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 3: *Where the customer is submitting Aadhaar, the Company shall be guided by directions issued by Unique Identification Authority of India from time to time.*

b) 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:-

i. tility 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 public sector undertakings, statutory and regulatory bodies, public sector undertaking, scheduled commercial banks, financial institutions and listed companies and leave and license 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.

c) A customer already having an account based relationship with the Company, shall submit his Permanent Account Number or Form No.97, on such date as may be notified by the Central Government, failing which the account shall temporarily cease to be operational till the time the Permanent Account Number or Form No. 97 is submitted by the customer, Provided that before temporarily ceasing operations for an account, the Company shall give the customer an accessible notice and a reasonable opportunity to be heard.

Explanation: - For the purpose of this clause, "temporary ceasing of operations" in relation an account means the temporary suspension of all transactions or activities in relation to that account by the Company till such time the customer complies with the provisions of this clause. In case of asset accounts such as loan accounts, for the purpose of ceasing the operation in the account, only credits shall be allowed.

d) If a customer having an existing account based relationship with the Company gives in writing to the company that he/ she does not want to submit his/her Permanent Account Number or Form No.97, as the case may be, the customer's account with the Company shall be closed and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer. The Company shall duly inform the customer about this provision while opening the account.

10.2. CDD Procedure in case of individuals

Truhome shall apply the following procedure while establishing an account based relationship with an individual:
(a) Obtain information as mentioned under Section 12; and
(b) such other documents pertaining to the nature of business or financial status

Provided that 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.

10.3. CDD Measures for Sole Proprietary Firms

10.3.1 For opening an account in the name of a sole proprietary firm, identification information as mentioned under Section 12 in respect of the individual (proprietor) shall be obtained.

10.3.2 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 including Udyam Registration Certificate (URC) issued by the Government.
b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
c) Sales and income tax returns.
d) CST/VAT/CST certificate (provisional/ final).
e) Certificate/registration document issued by Sales Tax/Service Tax/ Professional Tax authorities.
f) lEC (Importer Exporter Code) issued to the proprietary concern by the office of DCFT/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.

10.3.3 In cases where the Company is satisfied that it is not possible to furnish two such documents, the Company may, at their 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.

10.4 CDD Measures for Legal Entities

10.4.1 For opening an account of a company, certified copies of each of the following documents or equivalent e-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 of Form 97 relating to beneficial owner managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.
f) the names of the relevant persons holding senior management position; and
g) the registered office and the principal place of its business, if it is different.

10.4.2 For opening an account of a partnership firm, certified copies of each of the following documents or equivalent e-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 of Form 97 relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.
e) the names of all the partners and
f) address of the registered office, and the principal place of its business, if it is different.

10.4.3 For opening an account of a trust, certified copies of each of the following documents or equivalent e-documents shall be obtained:

a) Registration certificate;
b) Trust deed;
c) Permanent Account Number or Form No.97 of the trust;
d) one copy of an OVD containing details of identity and address, one recent photograph and Permanent Account Numbers of Form 97 relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.
e) the names of the beneficiaries, trustees, settlor, protector, if any and authors of the trust
f) the address of the registered office of the trust; and

g) 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.

10.4.4 For opening an account of an unincorporated association or a body of individuals, certified copies of each of the following documents or equivalent e-documents shall be obtained:

(a) resolution of the managing body of such association or body of individuals;
(b) Permanent Account Number or Form No.97 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 97 relating to beneficial owner, 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.

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

(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
(c) Such documents as may be required by Truhome to establish the legal existence of such an entity/juridical person.

10.5 CDD Measures for Identification of Beneficial Owner

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

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

11. Enhanced Due Diligence Measures

11.1 Accounts of Non-face-to-face customers: Truhome shall ensure that the first payment is to be effected through the customer's KYC complied account, for enhanced due diligence of non-face to face customers.

11.2 Accounts of Politically Exposed Persons (PEPs):

(i) Truhome 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) The Company have in place appropriate risk management checks and process to determine whether the customer or the beneficial owner is a PEP;
(b) Reasonable measures are taken by the Company for establishing the source of funds / wealth;
(c) the approval to open an account for a PEP is taken at a senior level in accordance with the Company's Customer Acceptance Policy;
(d) all such accounts are subjected to enhanced monitoring on an on-going basis;
(e) in the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, senior management's approval is obtained to continue the business relationship;

(ii) These instructions shall also be applicable to family members or close associates of PEP.

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

12. ONGOING DUE DILIGENCE

12.1 The Company shall undertake on-going due diligence of customers to ensure that their transactions are consistent with their knowledge about the customers, customers business and risk profile, the source of funds/ wealth.

Truhome shall pay special attention to following types of transactions:
a) All complex including RTGS transactions and those with unusual patterns, inconsistent with the normal and expected activity of the customer which have no apparent economic rationale or legitimate purpose;

b)For the purpose of risk categorization, 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 categorized as low risk.

Illustrative examples of low risk customers could be salaried employees whose salary structures are well defined, people belonging to lower economic strata of the society whose accounts show small balances and low turnover, etc. In such cases, the policy may require that only the basic requirements of verifying the identity and location of the customer are to be met.

Customers that are likely to pose a higher than average risk to Truhome may be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile, etc. Truhome may apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear.

Examples of customers requiring higher due diligence may include
- non-resident customers,
- high net worth individuals,
- trusts, charities, NGOs and organizations receiving donations,
- companies having close family shareholding or beneficial ownership,
- firms with 'sleeping partners',
- politically exposed persons (PEPs) & PEPs of foreign origin,
- non-face to face customers, and
- those with dubious reputation as per public information available, etc.

12.2 Updation/ Periodic Updation

Periodic KYC updation shall be carried out at least once in every two years for high risk customers, once in every eight years for medium risk customers and once in every ten years for low risk customers from the date of opening of account/ last KYC updation. The process would be reviewed at least annually and changes would need to be as per applicable regulation and with approval from board. The periodic updation of KYC under various parlance is outlined below:

12.2.1 Individual:

a) **No change in KYC information**: In case of no change in the KYC information, a self-declaration from the customer in this regard shall be obtained through customer's email-id registered with the Company's **customer's** mobile number registered with them, digital channels (mobile application), letter etc.

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

Further, the Company, at their option, may obtain a copy of OVD or deemed OVD, or equivalent e-documents thereof, for the purpose of proof of address, declared by the customer at the time of updation/ periodic updation.

ii. **Accounts of customers, who were minor at the time of opening account, on their becoming major:** In case of customers for whom account was opened when they were minor, fresh photographs will be obtained on their becoming a major and at that time it will be ensured that CDD documents as per the current CDD standards are available with the Company. Wherever required, the Company may carry out fresh KYC of such customers i.e., customers for whom account was opened when they were minor, on their becoming a major.

iii. Aadhaar OTP based e-KYC in non-face to face mode may be used for updation/ periodic updation. To clarify, conditions stipulated in paragraph 17 are not applicable in case of updation/ periodic updation of KYC through Aadhaar OTP based e-KYC in non-face to face mode. Declaration of current address, if the current address is different from the address in Aadhaar, shall not require positive confirmation in this case. Truhome shall ensure that the mobile number for Aadhaar authentication is same as the one available with them in the customer's profile, in order to prevent any fraud.

iv. Incase of any Individual customer is classified as low risk, Truhome shall allow all their transactions to continue even if the KYC updation is due. Truhome shall continue to regularly monitor these accounts. This is also applicable for low risk Individual customers whose KYC update is already overdue.

12.2.2 **Customers other than individuals:**

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

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

12.2.3 **Additional measures:** In addition to the above, the Company shall ensure that,

i. The KYC documents of the customer as per the current CDD standards are available with them. Further, in case the validity of the CDD documents available with the Company has expired at the time of periodic updation of KYC, the Company shall undertake the KYC process equivalent to that applicable for on-boarding a new customer;

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

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

iv. In order to ensure customer convenience, the Company may consider making available the facility of updation/ periodic updation of KYC at any branch;

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

vi. The Company shall advise the customers that in order to comply with the PML Rules, incase of any update in the documents submitted by the customer at the time of establishment of business relationship/ account-based relationship and thereafter, as necessary; customers shall submit to the Company 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 Company's end.

12.2.4. Truhome shall carry out:
i) PAN verification from the verification facility available with the issuing authority;

ii) Authentication, of Aadhaar Number already available with Truhome with the explicit consent of the customer in applicable cases;

iii) In case identification information available with Aadhaar does not contain current address an OVD containing current address may be obtained;

iv) Certified copy of OVD containing identity and address shall be obtained at the time of periodic updation from individuals except those who are categorised as 'low risk'. In case of low risk customers when there is no change in status with respect to their identities and addresses, a self-certification to that effect shall be obtained;

v) In case of Legal entities, Truhome shall review the documents sought at the time of opening of account and obtain fresh certified copies.

12.2.5. Truhome may not insist on the physical presence of the customer for the purpose of furnishing OVD or furnishing consent for Aadhaar authentication unless there are sufficient reasons that physical presence of the account holder/holders is required to establish their bona-fides. Normally, OVD / Consent forwarded by the customer through mail/ post, etc. shall be acceptable.

12.2.6. Truhome shall ensure to provide acknowledgment with date of having performed KYC updation.

12.2.7. The time limits prescribed above would apply from the date of opening of the account/ last verification of KYC.

12.3 Due Notices for Periodic Updation of KYC:

Truhome shall inform its customers in advance about the need to update their KYC. Before the KYC updation due date, Truhome shall send at least three advance intimation in suitable intervals, using available communication channels and at least one of these intimation will be sent by letter.

Incase of non-updation of KYC by due date, Truhome shall send atleast three reminders in suitable intervals, including at least one reminder by letter.

The Letter of intimation or reminder shall include clear instructions for updating KYC, details on how to seek help (escalation mechanism), and information about the possible consequences of not updating KYC on time.

Truhome shall maintain a record of all such notices and reminders in its system for audit purposes.

13. MONITORING OF TRANSACTIONS

Maintenance of records of transactions:

(i) Truhome shall introduce a process of Maintenance of records, at each branch and a consolidated record for all the branches taken together at the registered office of Truhome, of transactions (nature and value), in such form and for such period as specified under the Rule 3 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005.

(ii) Truhome shall :

- Maintain all necessary records of transactions between the Company and the customer, both domestic and international, for at least five years from the date of transaction;

- Preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for atleast five years after the business relationship is ended;

- Make available swiftly, the identification records and transaction data to the competent authorities upon request;

- Maintain all necessary information in respect of transactions prescribed under Rule 3 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, so as to permit reconstruction of individual transaction, including the following:
  (a) the nature of the transactions;
  (b) the amount of the transaction and the currency in which it was denominated;
  (c) the date on which the transaction was conducted; and
  (d) the parties to the transaction.

(iii) Truhome shall take appropriate steps to evolve a process for proper maintenance and preservation of information in a manner (in hard and soft copies) that allows information to be retrieved easily and quickly whenever required or requested by the competent authorities.

14. Furnishing of information to the Director, Financial Intelligence Unit – India (FIU-IND):

(i) In terms of the provisions of the Rule 8 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. Truhome shall, *inter-alia,* furnish to the Director, FIU-IND, within such time and in such form, the information in respect of transactions as referred under sub-rule (1) of rule 3 of the said Rules.

(ii) A copy of information furnished shall be retained by the 'Principal Officer' for the purposes of official record.

Explanation: In terms of Third Amendment Rules notified September 22, *2015 regarding amendment to sub rule* 3 *and* 4 *of rule* 7, *Director, FIU-IND shall have powers to issue guidelines to the reporting entities for detecting transactions referred to in various clauses of sub-rule* (1) *of rule* 3, *to direct them about the form of furnishing information and to specify the procedure and the manner of furnishing information.*

(iii) It has been advised by the FIU-IND that Truhome need not submit 'NIL' reports in case there are no Cash/Suspicious Transactions, during a particular period. Truhome shall act accordingly.

(iv) The reporting formats and comprehensive reporting format guide, prescribed/released by FIU-IND and Report Generation Utility and Report Validation Utility developed to assist reporting entities in the preparation of prescribed reports shall be taken note of. The editable electronic utilities to file electronic Cash Transaction Reports (CTR)/ Suspicious Transaction Reports (STR) which FIU-IND has placed on its website shall be made use of by Truhome which are yet to install/ adopt suitable technological tools for extracting CTR/STR from their live transaction data. website http://fiuindia.gov.in.

(v) While furnishing information to the Director, FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in the said Rules shall be constituted as a separate violation.

(vi) Truhome shall not put any restriction on operations in the accounts where an STR has been filed. Truhome shall keep the fact of furnishing of STR strictly confidential. It shall be ensured that there is no tipping off to the customer at any level.

(vii) Robust process control, throwing alerts when the transactions are inconsistent with risk categorization and updated profile of the customers may be put in to use as a part of effective identification and reporting of suspicious transactions.

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

(i) Under FATCA and CRS, Truhome shall adhere to the provisions of Income Tax Rules 114F, 114G and 114H and determine whether they are Reporting Financial Institution as defined in Income Tax Rule 114F and if so, shall take following steps for complying with the reporting requirements:

(a) Register on the related e-filling portal of Income Tax Department as Reporting Financial Institutions at the link https:/ /incometaxindiaefiling.gov.in/ post login --> My Account --> Register as Reporting Financial Institution

(b) Submit online reports by using the digital signature of the 'Designated Director' by either uploading the Form 61B or 'NIL' report, for which, the schema prepared by Central Board of Direct Taxes (CBDT) shall be referred to.

Explanation - Truhome shall refer to the spot reference rates published by Foreign Exchange Dealers' Association of India (FEDAI) on their website at http://wwwfedai.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 or processes for carrying out due diligence procedure 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/Press releases/ issued on the subject by Central Board of Direct Taxes (CBDT) from time to time.

(ii) 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.

16. OTHER MEASURES

16.1 Secrecy Obligations and Sharing of Information:

(i) Truhome shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the lender and customer.
(ii) While considering the requests for data/information from Government and other agencies, Truhome shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in transactions.
(iii) An illustrative (but not exhaustive) list of suspicious transactions in housing/builder / project loans is furnished in Annexure - I for guidance of Truhome.

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

(a) Government of India has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), to act as, and to perform the functions of the CKYCR vide Gazette Notification No. S.O. 3183(E) dated November 26, 2015.
(b) The Company captures customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer;
(c) The Company captures the KYC information for sharing with CKYCR in the manner mentioned in the Rules, as per the KYC templates prepared for the 'Individuals' and 'Legal Entities' (LEs), as amended from time to time;
(d) Once KYC Identifier is generated by CKYCR, the Company shall communicate the same to the individual/ LE, as the case may be;
(e) Further, whenever the Company obtains additional or updated information from any customer, the Company shall within 7 days or as may be notified by Central Government, furnish updated information to CKYCR, which shall update the KYC records of existing customer in CKYCR;
(f) Once CKYCR informs the Company regarding updation of KYC records of the customer, electronically, the Company shall update the same in its records;
(g) For the purpose of establishing an account-based relationship, updation/ periodic updation or for verification of identity of a customer, the Company shall seek the KYC Identifier from the customer or retrieve the KYC Identifier, if available, from the CKYCR and proceed to obtain KYC records online by using such KYC Identifier and shall not require a customer to submit the same KYC records or information or any other additional identification documents or details, unless–
    (i) there is a change in the information of the customer as existing in the records of CKYCR; or
    (ii) the KYC record or information retrieved is incomplete or is not as per the current applicable KYC norms; or
    (iii) the validity period of downloaded documents has lapsed; or

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

16.3 Hiring of Employees and Employee training

a. Company to ensure adequate staffing, resources and infrastructure for the AML/KYC compliance function and conduct an annual assessment of existing capacity"
b. Adequate screening mechanism as an integral part of their personnel recruitment/hiring process shall be put in place.
c. On-going employee training programme shall be put in place so that the members of staff are adequately trained in KYC/AML Measures policy. The focus of the training shall be different for frontline staff, compliance staff and staff dealing with new customers. The front desk staff shall be specially trained to handle issues arising from lack of customer education. Proper staffing of the audit function with persons adequately trained and well-versed in KYC/AML Measures policies of Truhome, regulation and related issues shall be ensured.

16.4 Selling Third party products:

Truhome acting as agents while selling third party products shall comply with the applicable laws/regulations, including process for capturing, generating and analysing alerts for the purpose of filing CTR/STR in respect of transactions relating to third party products with customers.

16.5 Adherence to Know Your Customer (KYC) guidelines by Truhome and persons authorised by Truhome including brokers/agents etc.

(a) Persons authorized by the Company for selling loan related products, their brokers/ agents or the like, shall be fully compliant with the KYC guidelines applicable to the Company.

(b) All information shall be made available to the National Housing Bank to verify the compliance with the KYC guidelines and accept full consequences of any violation by the persons authorised by the Company including brokers/ agents etc. who are operating on their behalf.

16.6. The Company shall ensure that the provisions of the PML Act, Rules framed thereunder and the the Foreign Contribution (Regulation) Act, 2010, applicable, are adhered to strictly.

16.7. Where the Company is unable to apply appropriate KYC measures due to non-furnishing of information and / or non-cooperation by the customer, the 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. Such decisions need to be taken at a reasonably senior level.

The provision of this KYC-AML Policy shall supercede all the versions of KYC-AML policy issued and circulated earlier.

17. COLLECTION OF ACCOUNT PAYEE CHEQUES:

(a) A UCIC shall be allotted while entering into new relationships with individual customers as also the existing individual customers by Company.

18. INTRODUCTION OF NEW TECHNOLOGIES RELATED TO LOAN ACCOUNTS TO THE EXTENT APPLICABLE TO THE COMPANY:

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

Further, the Company shall ensure:

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

Annexure-I

A. ILLUSTRATIVE LIST OF SUSPICIOUS TRANSACTIONS PERTAINING TO BUILDER/PROJECT/ CORPORATE CLIENTS:

1) Builder approaching the Truhome for a small loan compared to the total cost of the project;

2) Builder is unable to explain the sources of funding for the project;

3) Approvals/sanctions from various authorities are proved to be fake or if it appears that client does not wish to obtain necessary governmental approvals/ filings, etc.;

4) Management appears to be acting according to instructions of unknown or inappropriate person(s).

5) Employee numbers or structure out of keeping with size or nature of the business (for instance the turnover of a company is unreasonably high considering the number of employees and assets used).

6) Clients with multijurisdictional operations that do not have adequate centralised corporate oversight.

7) Advice on the setting up of legal arrangements, which may be used to obscure ownership or real economic purpose (including setting up of trusts, companies or change of name/ corporate seat or other complex group structures).

8) Entities with a high level of transactions in cash or readily transferable assets, among which illegitimate funds could be obscured.

B. ILLUSTRATIVE LIST OF SUSPICIOUS TRANSACTIONS PERTAINING TO INDIVIDUALS:

1) Legal structure of client has been altered numerous times (name changes, transfer of ownership, change of corporate seat).

2) Unnecessarily complex client structure.

3) Individual or classes of transactions that take place outside the established business profile, and expected activities/ transaction unclear.

4) Customer is reluctant to provide information, data, documents;

5) Submission of false documents, data, purpose of loan, details of accounts;

6) Refuses to furnish details of source of funds by which initial contribution is made, sources of funds is doubtful etc.

7) Reluctant to meet in person, represents through a third party/Power of Attorney holder without sufficient reasons

8) Approaches a branch/ office of Truhome, which is away from the customer's residential or business address provided in the loan application, when there is a branch/ office nearer to the given address

9) Unable to explain or satisfy the numerous transfers in account/ multiple accounts;

10) Initial contribution made through unrelated third party accounts without proper justification;

11) Availing a top-up loan and/ or equity loan, without proper justification of the end use of the loan amount;

12) Suggesting dubious means for the sanction of loan;

13) Where transactions do not make economic sense;

14) Unusual financial transactions with unknown source.

15) Payments received from un-associated or unknown third parties and payments for fees in cash where this would not be a typical method of payment.

16) There are reasonable doubts over the real beneficiary of the loan and the flat to be purchased;

17) Encashment of loan amount by opening a fictitious bank account;

18) Applying for a loan knowing fully well that the property/dwelling unit to be financed has been funded earlier and that the same is outstanding;

19) Sale consideration stated in the agreement for sale is abnormally higher/lower than what is prevailing in the area of purchase;

20) Multiple funding of the same property/dwelling unit;

21) Request for payment made in favour of a third party who has no relation to the transaction;

22) Usage of loan amount by the customer in connivance with the vendor/builder/developer/broker/agent etc. and using the same for a purpose other than what has been stipulated.

23) Multiple funding / financing involving NCO / Charitable Organisation / Small/ Medium Establishments (SMEs) / Self Help Croups (SHCs) / Micro Finance Croups (MFCs)

24) Frequent requests for change of address;

25) Overpayment of instalments with a request to refund the overpaid amount.

26) Investment in real estate at a higher/lower price than expected.

27) Clients incorporated in countries that permit bearer shares.

Annexure II

Risk-Based Approach (RBA) framework for Mitigating ML & TF Risks

Truhome shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for customers, countries or geographic areas, products, services, transactions or delivery channels, etc. While preparing the internal risk assessment, the Company shall take cognizance of the overall sector specific vulnerabilities, if any, that the regulator/supervisor may share with the Company from time to time.

The Company shall implement a CDD programme, having regard to the ML/TF risks identified and the size of business. Further, the Company shall monitor the implementation of the controls and enhance them if necessary.

Risk-Based Approach Principles

- Risk Identification: Understanding the Company's exposure to ML and TF risks by considering factors such as customer type, geographical location, products, services, and delivery channels.
- Risk Assessment: Conducting a thorough risk assessment to determine the likelihood and impact of ML and TF risks.
- Risk Mitigation: Implementing appropriate mitigation measures based on the risk assessment, ensuring that resources are allocated efficiently and effectively.
- Ongoing Monitoring: Continuously monitoring the risk landscape and adjusting the risk mitigation strategy to account for emerging risks and changes in the operating environment.
- Proportionality: Measures should be proportionate to the identified risk, with higher risks requiring more stringent controls and lower risks receiving less intensive scrutiny.

Risk Assessment Process

The risk assessment process is essential for understanding the specific ML and TF risks the Company faces. It involves:

1. Risk Mapping: Identifying all potential ML/TF risk factors, such as:
   - Customers: Individuals, legal entities, and beneficial owners.
   - Geography: Countries or jurisdictions with high ML/TF risks.
   - Products and Services: Complex or high-value products and services that could facilitate money laundering or terrorist financing.
   - Delivery Channels: Use of non-face-to-face services or intermediaries.

2. Risk Rating: Assigning a risk rating (low, medium, high) based on factors such as customer profile, geographic location, and the nature of products and services offered.

3. Prioritization: Focusing efforts on high-risk areas where the threat and impact are greatest.

Customer Due Diligence (CDD)

- Standard Due Diligence: Conduct standard checks for low-risk customers.
- Enhanced Due Diligence (EDD): Apply enhanced scrutiny for high-risk customers, including politically exposed persons (PEPs), and complex corporate structures.
- Ongoing Monitoring: Regularly review customer activity to detect suspicious transactions and adjust the risk assessment as necessary.

Internal Controls and Mitigation Measures

Based on the risk profile, the Company shall implement the following controls:

- Know Your Customer (KYC): Collect comprehensive information about customers and their financial activities to assess and mitigate risk.
- Transaction Monitoring Systems: Implement transaction monitoring process to identify unusual patterns that may indicate ML/TF activities.
- Suspicious Activity Reporting (SAR): Ensure a robust process for identifying and reporting suspicious transactions to the relevant authorities.
- Training and Awareness: Regular training programs for staff to raise awareness of ML/TF risks and their role in detecting and reporting suspicious activities.

Reporting and Documentation

- Maintain detailed records of risk assessments, customer due diligence, suspicious activity reports, and other compliance-related activities.
- Ensure that all documentation is accessible to regulators and auditors when required.