

## KYC under RBI Master Direction- Quick Summary for Common Situations

Based on RBI Master Direction- Know Your Customer (KYC) Direction, 2016 updated till 4.5.2023

By

Pramod Khandelwal and Rajeev Dewal

1. Objective is to know the customer, know the customer's activity and keep record to prevent money laundering.
2. Applicable to banks and other RBI regulated entities (RE).
3. Applicable to all customers. For Small Accounts<sup>1</sup> a simple procedure is allowed.
4. Covers: (a) Customer Acceptance; (b) Risk Management; (c) Customer Identification; & (d) Transaction Monitoring.
5. Customer Acceptance is subject to Customer Due Diligence (CDD).
6. CDD is required for a transaction/ an account- based relationship of a customer.
7. CDD is required at customer level and not for every account.
8. For non-account holder CDD is required for all International Money Transfers; and Domestic Transfers/ Third Party Product Sales of Rs. 50k or more.
9. CDD includes identifying and verifying customer, authorized signatories, PoA holders and beneficial owners<sup>2</sup>.
10. CDD Documents comprise of (A) Aadhaar number or Officially Valid Document (OVD) of the individual person(s) in whose name the account stands/ individual person(s) connected with the account; and (B) Other Documents.
11. OVDs are: (a) Passport; (b) Driving Licence; (c) Proof of possession of AADHAAR number; (c) Voter's Identity Card; (d) NREGA Job Card; and (e) Letter by National Population Register containing name and address.
12. Certified copy/ e-document of OVD to be obtained.
13. Certified copy means - RE official verifying (i) the hard copy with the original physical or (ii) the image (with geo-tagging and date/time stamp) by Digital KYC process (per Annexure- I to Master Direction).
14. AADHAAR Number is compulsory for all DBT Accounts (except as exempted under Clause 16 of the Master Direction). **In other cases, it is voluntary.**
15. AADHAAR Number when provided by the customer should to be verified either with the AADHAAR Card or usinge-KYC authentication or offline verification provided by Unique Identification Authority of India (UIDAI).
16. Video Based CDD (V- CIP) is allowed for: (a) individual customers, proprietor in case of proprietorship, authorised signatories, PoA holders and Beneficial Owners (BOs); (b) conversion of non- face- to face accounts opened (using AADHAAR OTP based e- KYC authentication) to regular accounts; and (c) KYC updating.

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<sup>1</sup> Small Account is opened with the customer's self- attested photo and attestation of customer's signature/ thumb impression by bank official.

Small Account is a savings bank account of an individual person with following conditions:

- maximum credits in a financial year is Rs. 1 lac (except Government grant/ benefit etc.);
- maximum debits in a month is Rs. 10,000.-;
- maximum balance Rs.50,000.-; and
- other requirements under Para 23/ 24 of the Master Direction.

<sup>2</sup> Beneficial owner means an individual who ultimately owns or controls the customer or the person on whose behalf a transaction is being conducted and also a person who exercises ultimate effective control over a juridical person. Para 3(iv) of the Master Direction provides who is to be taken as beneficial owner for various types of non- individuals.

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**CDD Documents (Certified True Copies or equivalent E- Documents) to be obtained for Opening of Account**

### **Table- 1: Account of individual(s) (i.e., in the name of single/ two or more individual persons): Obtain (A) below**

Obtain for Account Holder i.e., each person in whose name the account would stand, documents per A below	
(A)	(i) For DBT Accounts: AADHAAR and the customer's declaration that the account is for DBT (ii) For Non DBT Accounts where customer is willing to submit AADHAAR voluntarily: AADHAAR and the customer's declaration that AADHAAR is submitted voluntarily + PAN or Income Tax Form 60
OR	
(A)	Any OVD with identity and address+ Photograph+ PAN or Income Tax Form 60
Note: In addition to (A) above, documents for business/ activity/ financial status may be obtained by RE.	

### **Table- 2: Account of Proprietary Firm: Obtain (B) + (C) below**

(B)	Obtain for the proprietor- documents under Table- 1 (A) above	
(C)	Obtain any 2 of the following in the name of the Proprietary Firm: (a) Registration Certificate (Including Udyam Registration Certificate) (URC) (b) Shop & Establishment Act Licence (c) Sales Tax and Income Tax Returns (d) CST/ VAT/ GST Certificate (e) Sales Tax/ Service Tax/ Professional Tax Registration Certificate (f) Importer Exporter Code (IEC) (g) Licence/ Practice Certificate by Statutory Professional Body (h) Income Tax Return in the name of proprietor showing Proprietary Firm's income authenticated/ acknowledged by Income Tax Authority (i) Utility bills such as electricity, water, and landline telephone bill etc.	Alternate:  If obtaining 2 documents not available the only 1 would be enough subject to contact point verification to confirm existence and operations

### **Table- 3: Account of Company: Obtain (D) below**

(D)	Obtain all the following documents/ information: (a) Certificate of incorporation of the Company, (b) Memorandum and Articles of Association of the Company (c) PAN (d) Board Resolution of the Company (e) PoA issued by the Company to the signatories (f) Names of senior management persons (g) Address of Registered Office and Principal Place of Business (h) Documents under Table- 1 (A) for each signatory, PoA holder, and Beneficial Owner
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### **Table- 4: Account of Registered Partnership Firm: Obtain (E) below**

(E)	Obtain all the following documents/ information: (a) Registration Certificate (b) Partnership Deed (c) PAN of the Partnership Firm (d) Names of all Partners (e) Address of Registered Office and Principal Place of Business (f) Documents under Table- 1 (A) for each signatory, PoA holder and Beneficial Owner
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### **Table- 5: Account of Registered Trust: Obtain (F) below**

(F)	Obtain all the following documents/ information: (a) Registration Certificate (b) Trust Deed (c) PAN or Form 60 of the Trust (d) Trustees' Resolution (Advisable though not stated in Master Directions) (e) Names of the beneficiaries, trustees, settlor and authors of the trust (f) Address of the Registered Office of the Trust (e) Documents under Table- 1 (A) above for each Trustee, Signatory and PoA holder
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**Table- 6: Account of Unincorporated/ Unregistered Entity**

**(Association/ Body of Individuals/ Unregistered Society/ Unregistered Trust/ Unregistered Partnership Firm)**

**Obtain (G) below**

(G)	Obtain all the following documents/ information: (a) Constitution document of the Entity (Advisable though not required under the Master Direction) (b) Resolution of the Managing Body of the Entity. (c) PAN or Form 60 of the Entity (d) POA issued by the Entity to the signatories (e) Documents under Table- 1 (A) above for each signatory, PoA holder and Beneficial Owner (f) Information to collectively establish the legal existence of the Entity
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**Table- 7: Account of Juridical Person as Entity (i.e. any Entity not covered under Table 1 to 6 above)**

**Obtain (H) below**

(H)	Obtain all the following documents/ information: (a) Document showing name of the person(s) authorised to act on behalf of the Entity (b) Documents to establish the legal existence of the Entity/ Juridical Person (c) Documents under Table- 1 (A) above for each signatory and PoA holder
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End