Customer Identification Procedure (CIP)

The PMLA and its Rules thereunder inter alia requires HFC to identify its clients, verify their identity and obtain information on the purpose and intended nature of the business relationship. It also provides that HFCs shall identify the beneficial owner and take all reasonable steps to verify his identity.

The objective of establishing the identification of the customers is to:

i. Verify the status of the customer (legal status of legal customer/ entity) through proper and relevant documents.

ii. Verify that any person purporting to act on behalf of the customer, legal person/entity is so authorized. Verify the identity of such an authorized person.

iii. Understand the ownership and control structure of the customer and determine who are the natural persons who ultimately have control over management.

The following factors shall take into account whilst framing norms relating to CIP.

The document(s) for verifying and establishing the identity of the customer or Referral Associates shall be those as prescribed by the FIU-IND/ Regulator(s), from time to time.

The document(s) accepted for verifying and establishing the identity of the customer shall be latest

All document(s) accepted as part of CIP, must be attested by the customer and counter signed by the concerned officer of EAPL with his name/ employee number on such documents.

The Customer Identification Procedure shall be carried out by verifying Identity of customer and Residence Proof of customer. The Designated Director /Principal Officer shall draw up the list of documents to be verified and collected for this purpose at the time of establishing a relationship with customer or while carrying out a financial transaction which are not in regular nature of business.

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

A. While establishing a relationship

In case of a client who intends to place a deposit, the relationship is established at the time of receipt of a completed application form from the prospective client.

B. While carrying out a financial transaction

The financial transaction is said to have been carried out while depositing fund with us or withdrawing fund from us.

C. Ongoing Monitoring of Customer Identification

The identification of the existing customers will be carried out by ECPL as under:

Depositors	At the time of receiving payment from client
Withdrawer	At the time of paying fund to client.

Customer Acceptance Policy (CAP)

A. EAPL would verify the identity of the customer with proper adherence to Customer Identification procedure before accepting a duly completed KYC form. EAPL would accept customers only after verifying his/ her/ their identity with valid documents as prescribed by the FIU-IND/ Regulator(s), from time to time.
B. EAPL shall endeavor that no account is opened in anonymous or fictitious / benami name(s). EAPL shall also endeavor that no account is opened of a customer who has a criminal record or whose names is in the list of banned entities or list of terrorist individual/ organizations under UNSCR. The Designated Director / Principal Officer shall issue necessary guidelines to the retail offices in this regard so as to ensure that the relevant documents are taken to prevent that so as to satisfy that no account is opened in anonymous or fictitious / benami name(s).
C. Further, as per the PLMA guidelines, if in case, the customer does not provide full information as required for Customer Identification and Customer acceptance within 45 days of opening of the account, then EAPL would retain the right to close the account.

Risk Classification of Customer Profiles

EAPL shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorism financing risk for clients, countries or geographic areas, and products, services, transactions or delivery channels that is consistent with any national risk assessment conducted by a body or authority duly notified by the Central Government.

The information available from the customers to prove their identity and residence will determine the risk perception. However, for proper risk assessment of business relationship with customers, the customers are broadly classified as Low risk, Medium Risk and High Risk, based on the risk perceived. Low risk customers shall be those whose identity and source of wealth can be easily identified, while high risk will be those who will have to be subjected to additional due diligence.

Identification of class of Customers under various risk categories:

1. Low Risk:

Accounts of the following customers are categorized as Low Risk Profile Customers:

A. Resident individuals.

B. Trusts

C. Public Limited Companies.

D. Partnership firms with all resident partners

E. AOP

2. Medium Risk:

Accounts of the following customers is categorised as Medium Risk Profile Customers:

A. NRIs

B. Partnership Firms with NRI partners

C. Private Limited Companies

3. High Risk:

A. Accounts of the following customers is categorised as High Risk Profile Customers:
B. Politically exposed Persons (PEP) or family members and close relatives of PEPs. The risk assessment mentioned in above, shall be documented;
C. consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied;
D. be kept up to date; and
E. be available to competent authorities and self-regulating bodies.

Politically Exposed Persons (PEP)

As per the guidelines, EAPL shall exercise extra caution while dealing with Politically Exposed Persons. A Politically Exposed Persons (PEP) as explained by NHB in its circular dated April 10, 2006 and dated October 11, 2010 to HFCs means individuals who are or have been entrusted with prominent public functions in a foreign country, e.g. Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political officials, etc. The Designated Director / Principal Officer shall formulate necessary guidelines for dealing with Politically Exposed Persons since the risk associated in dealing with PEP is considered high as per the advice of NHB.