CVL Operating Instructions for KRA Registered Intermediaries

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1. Introduction to KRA

KRA stands for KYC Registration Agency. It is an agency registered with SEBI under the Securities and Exchange Board of India (KYC (Know your Client) Registration Agency) Regulations, 2011. CDSL Ventures Limited, a wholly owned subsidiary of CDSL has applied to SEBI for registration as a KRA.

KRA is required to avoid duplication in KYC of the investors. It facilitates single point change management.

It helps to maintain uniformity of data across intermediaries.

KRA helps to improve compliance levels.

2. Registration of Intermediary with CVL-KRA

Process for registering with CVL-KRA electronically

To facilitate registration of SEBI registered Intermediaries with CVL-KRA, an email would be sent to the email id of the compliance officer conveying the login ID, the POS code and the password to enable access to the **CVL-KRA system** hosted at <u>www.cvlkra.com</u>.

On receiving the login details, the Intermediary should proceed by following the steps as given below:

1. To initiate the registration process, the Compliance Officer should access www.cvlkra.com and enter the login ID, the POS code and the password as conveyed through email to the Intermediary (email id of Compliance Officer).

- 2. On entering the login details the Intermediary would be forced to change the password and after successfully changing the password, the user would be required to login with the new credentials.
- 3. The user should access the "UPDATE COMPANY INFO" menu and update the details in the form before submission.
- 4. While filling up the Registration Form, please take note of the following points:
 - a. Intermediary registered with SEBI in more than one class e.g. Depository Participant of CDSL and / or NSDL and / or Stock Broker of BSE, NSE, etc. may choose to register under one ID or for each SEBI Registration No. Such Intermediary should ensure that the SEBI registration number is correct. Please note that the Intermediary and its group / subsidiary / holding company registered as a separate legal entity would have to mandatorily secure a separate registration with CVL-KRA.
 - b. The Intermediary would have to designate an official as the Administrator to CVL-KRA system and such Administrator may be the Compliance Officer or any other official as may be designated by the Intermediary. It should be noted that system related details such as password on reset would be sent to the email id recorded in respect of the Administrator.
 - c. The Intermediary would be required to accept the 'Terms and Conditions' and record such acceptance in the check box provided and also take a print of the 'Terms and Conditions' on an A4 size paper.
 - d. Please ensure that correct phone and mobile numbers and email ids are captured in the Registration Form as the same would be referred to for reaching the Intermediary.
- 5. After filling the details in the Form, the same should be submitted to CVL-KRA by clicking on the "submit" button. It should be noted that on submission of details to CVL-KRA, the Intermediary may view the information entered but would not be allowed to carry out any changes to the same.
- 6. On submission of registration details electronically to CVL-KRA, the login of the Intermediary would be activated to enable the Intermediary to upload

KYC details of its client(s). On activation of the login, the Intermediary would be able to log into the CVL-KRA system with the login id, POS code and the password (changed after first login, refer point no. 2 above).

- 7. The Intermediary registered by way of the above mentioned process would be allowed access to the KRA system for a period of 21 days (or for any such period as may be decided by CVL-KRA) from the date of activation of Registration and would have to submit the duly filled in Registration From along with the following supporting documents (certified by the Designated / Whole Time Director(s) / Company Secretary along with seal / stamp of the Intermediary) to CDSL Ventures Limited (CVL) to confirm registration:
 - a. Copy of SEBI Registration Certificate
 - b. Copy of PAN Card
 - c. Name(s) of Designated / Whole Time Director(s) / Company Secretary along with their designation, Director Identification Number (DIN) / PAN and signature(s) on the letterhead of the Intermediary.
 - d. Copy of the latest Balance Sheet
 - e. Duly signed copy of Terms and Conditions
- 8. The Registration Form and the supporting documents should be submitted (in person or by post / courier) to CVL at the address mentioned below:-

CDSL Ventures Limited

16th Floor, P.J. Towers

Dalal Street, Fort

Mumbai: 400 001.

9. The envelope containing the documents for Registration should mention in block letters: "REGISTRATION OF INTERMEDIARY WITH CVL-KRA" at the top in the front side of the envelope along with the above mentioned address. The envelope should also mention the details of the Intermediary including name, address and phone numbers either on the front or back of the envelope.

10. It may be noted that in case the duly filled in Registration Form along with the supporting documents are not received within the stipulated time period or in case incomplete form is received then access of such Intermediary to the KRA system may be disabled and the same would be intimated to the Intermediary.

3. Functions and obligations of an Intermediary

Updation of KYC details to CVL:

Intermediaries are required to mandatorily update the KYC details specified by SEBI to CVL-KRA. The KYC details of all clients approaching the Intermediary to conduct business from January 1, 2012 are to be updated in CVL. However, the KYC details and KYC documents of clients joining the intermediary from January 1, 2012 to January 31st 2012 may be updated to CVL & relevant KYC documents to KRA latest by February 15, 2012.

For client accounts opened after February 1, 2012, the KYC data and requisite documents should be sent to CVL within 10 working days from the date of submission of all documents duly executed by the client.

On receipt of client registration/account opening documents the intermediary shall first identify whether the client is already KYC compliant. To confirm the same the intermediary may obtain copy of the KYC acknowledgement letter sent by CVL to the client. Alternatively the intermediary may verify the same through the CVL website.

4. Registration of KYC of Clients with KRA

The various steps right from approach of the entity at an Intermediary through to the storage of documents by the KRA are explained below:-

1. Entity (or client) approaching a POS (or Intermediary)

- Entity/Client should fill-up the mandated KYC form when he has agreed to join/establish a business relationship with an intermediary.
- The KYC form shall be accompanied by the copy of Proof of Identity (POI) and Proof of Address (POA) (along with other documents as specified by SEBI in respect of non-individual entities). The KYC form would be available for download from the CV-KRA website or the same may be obtained from the intermediary.
- The Intermediary shall check the details filled in the KYC form with the proof and declaration provided by the entity (or client). In case the details are not complete the Intermediary would get the same updated by the entity (or client)
- The intermediary shall carry out the In-Person-Verification (IPV) and fix their Organization seal/stamp with the Staff Name/Designation/Signature and date certifying the same.
- The intermediary shall also verify the POI and POA documents with the original and fix their Organization seal/stamp with the Staff Name/Designation/Signature and date on the copies certifying the same.
- On ensuring completeness of the above the Intermediary shall record the details from the KYC form in the KRA system.
- In cases where PAN is not mandatory the intermediary shall select the exception code after which he shall be permitted to enter the KYC details. In such cases the system shall generate a number code (in the PAN format) and populate the same in the PAN field.

Note: In case of non-individuals, photographs of authorized signatories, their names and signatures would have to be recorded. Further, the Name, PAN, DIN/UID, Residential Address and photographs of Promoters / Partners / Karta / Trustees and Whole Time Directors would also have to be recorded in respect of such non-individual entity.

In case of non-individuals where the promoter / Partner / Trustee also happen to be a non-individual's details of such non-individual also be recorded.

For this the KYC form for Non individuals shall use a separate page where all these information will be recorded.

2. Update information on KRA website

- The intermediary can enter the KYC data by:
 - New KYC online for online data entry
 - KYC bulk upload Batch upload
- They can use their back office to create files for bulk upload in the CVL-KRA interface. The file formats have been provided in the KRA website.
- In all such cases the success failure report for each KYC shall be generated giving reasons for rejection if any.

3. Forwarding physical copies of documents to KRA

- At the time of dispatch the intermediary shall request for generation of dispatch slips.
- The KRA system shall list out the KYC submitted / entered but not dispatched on the screen.
- The operator shall mark (select the radio button) the KYC documents he wishes to dispatch.
- He shall also enter the courier details for the batch
- On commit, the system shall generate a batch no.
 The intermediary shall then print the covering page/list containing the details of KYC and attach the KYC documents, and forward the same to the address given below:

CDSL Ventures Limited
I – 202, 2nd Floor (Deck Level)
Tower No.4, Above Belapur Railway Station
CBD Belapur, Navi Mumbai – 400 614
Phone: 91-22-61216908/09/10/11/12/25

5. Download of KYCs verified

- 1. At pre-determined time CVL shall provide a dump of all records successfully verified but not downloaded to the intermediary who has created the KYC. The details downloaded would be as below:
 - The details of the KYC captured
- 2. Since the KYC details earlier uploaded by the intermediaries to the KRA, could have been modified subsequently at the time of verification, the intermediaries may treat this download as the final based on the updated date and use this information to update their Back office system.

For clients who are already KYC compliant with KRA

The purpose is to make the KYC details of clients who are already KYC compliant available to intermediaries.

- 1. At the time of registration of the client, if the intermediary is informed that the client is KYC compliant, he is not required to obtain the KYC form and KYC documents from the client.
- 2. In such a case the intermediary will enter the PAN and date of birth in the CVL system. If the record is available CVL shall download the details mentioned above. In case, any discrepancy is observed in the data downloaded, the said intermediary shall forthwith inform the KRA of the same as a modification request mentioned below.
- 3. The system will maintain record of the intermediaries who have downloaded the KYC record and also the intermediary who has done the initial KYC.

Note: System shall maintain a mapping of the KYC record with the intermediaries associated with the same.

6. Modification of KYC details by clients through their intermediaries.

- When an intermediary is informed or comes to know of any change in demographic details of his client, he shall forthwith inform the KRA of the same.
- For this he shall collect a modification form duly signed by the client along with supporting documents as mentioned below:
 - o In case of change in name, the PAN card in new name
 - In case of change in address the POA as per documents mentioned in Annexure – 1 and copy of PAN card self attested by the client.
 - At the time of dispatch the intermediary shall request for generation of dispatch slips.
 - The KRA system shall list out the KYC submitted/entered but not dispatched on the screen.
 - The operator shall mark the (select the radio button) KYC documents he wishes to dispatch.
 - He shall also enter the courier details for the batch.
 - On commit, the system shall generate a batch no.
 - The intermediary shall then print the lists and attach the KYC documents with the list and forward the same to the address given below:

CDSL Ventures Limited
I – 202, 2nd Floor (Deck Level)
Tower No.4, Above Belapur Railway Station
CBD Belapur, Navi Mumbai – 400 614.
Phone: 91-22-61216908/09/10/11/12/25

Phone: 91-22-61216908/09/10/11/12/25

7. Updation of modified details to all the intermediaries

All modifications that have been carried out and verified, by the CVL shall be made available to all the intermediaries with whom the client is registered.

CVL shall at scheduled time prepare intermediary wise files for download of KYC modifications.

8. Miscellaneous

In case of termination of agreement with the client or in case of death of the client the intermediary shall intimate the KRA of the same.

The intermediary shall have adequate internal controls to ensure the security/authenticity of data uploaded by it.

The Intermediary shall download KYC details only of his clients.

The intermediary shall not use the KYC data of a client obtained from the KRA for purpose other than it is meant for; nor shall it make any commercial gain by sharing the same with any third party including its affiliates or associates.

The intermediaries shall have the ultimate responsibility for the KYC of its clients, by undertaking enhanced KYC measures commensurate with the risk profile of its clients.

The Intermediary shall comply with all the rules/regulation/operating instruction by SEBI and CVL from time to time.

Penal Action

Any breach of the operating instructions shall attract penal action, including termination of access to KRA system.

9. Document acceptance and In-Person-Verification

- i. Document acceptance by Initial intermediary.
- The Intermediaries shall collect the documents prescribed for clients belonging to different categories as in (Annexure-i) and perform

initial KYC of clients. The intermediaries shall send the KYC application form and supporting documents to the KRA within 10 working days from the date of execution of documents by the client and maintain the proof of dispatch.

- The KYC documents submitted should match with the details provided in the KYC form and should be valid at the time of submission. In case any discrepancy in the KYC documents sent by the intermediary, the KRA shall inform the intermediary who shall forward the required documents/information promptly to KRA.
- Permanent Account Number (PAN) card is mandatory for all types of entities. Those entities belonging to the PAN exempted cases will be required to enter the appropriate exemption codes (Annexure–ii).
 The PAN card details submitted by the entity shall be verified with the details appearing on the website of the Income Tax Department. i.e.

http://incometaxindiaefiling.gov.in/challan/enterpanforchallan.jsp

In case there is major mismatch in the name appearing in the PAN card & name mentioned in KYC form then the investor should submit additional self-attested copy of some other document forming part of the Proof of Identity (POI).

• The photocopies of the KYC documents submitted by the entity shall be self attested by the client. The intermediaries shall verify the photocopies of the documents against the original. In case the original of any document is not produced for verification, then the copies shall be properly attested by the officials authorized to do so. (Annexure-iii) The verified copies of the documents shall bear the stamp "Verified with Original" and the authorized official shall sign under the stamp of the entity along with his name and designation.

(ii) In-person verification (IPV)

It is mandatory for the intermediary to carry out In-Person-Verification of their clients.

The intermediary shall ensure that the details like name of the person carrying out IPV, his designation, organization with his signatures and date are recorded on the KYC form at the time of IPV.

In-person-verification by one SEBI registered intermediary can be relied upon by another intermediary.

In case of Stock brokers, their sub-brokers or Authorized Persons (appointed by the stock brokers after getting approval from the concerned Stock Exchanges in terms of SEBI Circular No. MIRSD/DR-1/Cir-16/09 dated November 06, 2009) can perform the IPV.

In case of Mutual Funds, their Asset Management Companies (AMCs) and the distributors who comply with the certification process of National Institute of Securities Market (NISM) or Association of Mutual Funds (AMFI) and have undergone the process of 'Know Your Distributor (KYD)' can perform the IPV. However, in case of applications received by the mutual funds directly from the clients (i.e. not through any distributor), they may also rely upon the IPV performed by the scheduled commercial banks.

An authorized official of the entity shall verify the photograph(s) affixed in the KYC form and proof of identity document(s) with the person concerned. After due verification, the intermediary shall ensure that the details like name of the person doing IPV his, designation, organization with his signatures and date are recorded on the KYC form at the time of IPV.

The intermediary shall accept the duly completed KYC form along with relevant documents and give an acknowledgement to the entity duly signed and stamped. The person doing the IPV can also verify the documents submitted for the KYC.

The intermediary shall print a dispatch list giving details of all KYCs done. They shall be forwarded KYC forms to the KRA along with the supporting documents.

Client may start trading /investing /dealing with the intermediary and its group/ subsidiary /holding company as soon as the initial KYC is done and other necessary information is obtained while the remaining process of KRA is in progress.

10. Record maintenance

KRA shall maintain the KYC form and all supporting documents related to KYC for a minimum period of 10 years, after information of closure of account by all the intermediaries who have accessed the data of the said client.

11. Interoperability

There would be data exchanges between KRAs with respect to KYC information. Whenever a PAN is entered in the CVL system, the KRA shall check the availability of the KYC information with itself and with other KRAs and thereafter provide information on its availability of PAN in the system.

11. Tariff and Billing

Intermediary shall pay to CVL fee/charges as may be informed by circular / communique from time to time, along with taxes on such payments, as applicable. In the event of the intermediary failing to make payment of the fees/charges, as the case may be, by the respective due dates specified in bills raised by CVL, in addition to any other rights or remedies that may be available to CVL against the Intermediary, the Intermediary shall be liable to pay interest to CVL on such delayed payment or part thereof on the quantum



of such delayed payment at the rate as may be prescribed by CVL from time to time.

CVL has tied up with a courier agency that offers pick up facility from several locations. The Intermediary may contact the courier agency to have the documents collected. CVL would bear the courier charges for the said courier agency (s) at the notified location(s). If intermediary wishes to use any another mailing agency the mailing cost would be required to be borne by the intermediary.

List of courier agencies and the locations thereof shall be notified by CVL from time to time.

13. List of Annexures

Annexure – I – Supporting documents to be enclosed by the intermediary

Annexure – II - List of documents for Proof of identity and Proof of Address

(a) Individuals (b) Non-Individuals

Annexure – III – Exemptions/clarifications to Pan

Annexure – IV – List of people authorized to attest the documents

ANNEXURES

Annexure - (i)

- (A) Individuals Proof of Identity (POI):- List of documents admissible as Proof of Identity
 - i. Unique Identification Number (UID) (Aadhaar) Passport/ Voter ID card/ Driving license.
 - ii. PAN card with photograph.
 - iii. Identity card/document with applicant's Photo, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions,
 - iv. Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council, etc., to their Members, Credit cards/Debit cards with photographs issued by Banks.
 - v. Proprietor In case of sole proprietors, sole proprietor must make the application in his individual name and capacity. The requirements remain the same as in case of Individual.
 - vi. Non-Resident Indian: Submission of passport copy with relevant details is mandatory. Also in case of NRI, overseas address is mandatory.
- vii. In case of Merchant Navy NRIs, Mariner's declaration or Certified copy of CDC (Continuous Discharge Certificate) is to be obtained.
- viii. Foreign nationals are not allowed to apply, except persons within the definition of "Resident" as per FEMA rules or Persons of Indian Origin (PIO). In such cases appropriate proof must be obtained.
- (B) Individuals Proof of Address (POA) List of documents admissible as Proof of Address:
 - i. Passport/Voters Identity Card/Ration Card/Registered Lease or Sale Agreement of Residence/Driving License/Flat Maintenance bill/Insurance Copy.
 - ii. Utility bills like Telephone Bill (only land line), Electricity bill or Gas bill Not more than 3 months old.
 - iii. Bank Account Statement/Passbook Not more than 3 months old.
 - iv. Self declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.
 - v. Proof of Address issued by any of the following: Bank Managers of Scheduled Commercial Banks/Scheduled Co-operative Bank/Multinational Foreign Banks/Gazetted Officer/Notary Public/Elected representatives to the Legislative Assembly/Parliament/Documents issued by any Govt. or Statutory Authority.
 - vi. Identity card/document with address, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities, and Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.

- vii. For FII/sub account, Power of Attorney given by FII/sub-account to the Custodians (which are duly notarized and/or apostiled or consularised) that gives the registered address should be taken.
- viii. The proof of address in the name of the spouse may be accepted.
- II In case of Non-Individuals, additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:

i. Corporate:

- Copy of the balance sheets for the last 2 financial years (to be submitted every year)
- Copy of latest share holding pattern including list of those holding control, either directly
 or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the
 Company secretary/ Whole time director/MD (to be submitted every year)
- Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.
- Copies of the Memorandum and Articles of Association and certificate or incorporation.
- Copy of the Board Resolution for investment in securities market.
- Authorized signatories list with specimen signatures.

ii. Partnership firm

- Copy of the balance sheets for the last 2 financial years (to be submitted every year).
- Certificate of registration (for registered partnership firm only).
- Copy of partnership deed.
- Authorised signatories list with specimen signatures.
- Photograph, POI, POA, PAN of Partners.

iii. Trust

- Copy of the balance sheets for the last 2 financial years (to be submitted every year).
- Certificate or registration (for registered trust only).
- Copy of Trust deed.
- List of trustees certified by managing trustees/CA
- Photograph, POI, POA, PAN of Trustees.

iv. HUF

- PAN of HUF/Karta
- Deed of declaration of HUF/List of coparceners.
- Bank pass-book/bank statement in the name of HUF/Karta
- Photograph, POI, POA, PAN of Karta.
- v. Unicorporated association or a body of individuals

- Proof of Existence/Constitution document
- Resolution of the managing body & Power of Attorney granted to transact business on its behalf.
- Authorized signatories list with specimen signatures.

vi. Banks/Institutional Investors

- Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years.
- Authorized signatories list with specimen signatures.

vii. Foreign Institutional Investors (FII)

- Copy of SEBI registration certificate.
- Authorized signatories list with specimen signatures.

viii. Army/Government Bodies

- Self-certification on letterhead.
- Authorized signatories list with specimen signatures.

ix. Registered Society

- Copy of Registration Certificate under Societies Registration Act.
- List of Managing Committee members.
- Committee resolution for persons authorized to act as authorized signatories with specimen signatures.
- True copy of Society Rules and Bye Laws certified by the Chairman/Secretary.

Annexure – (ii)

Exemptions/clarifications to PAN (Sufficient documentary evidence in support of such claims to be collected)

- In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
- 2. Investors residing in the state of Sikkim.
- 3. Un entities/multilateral agencies exempt from paying taxes/filing tax returns in India
- 4. SIP of Mutual Funds upto Rs. 50, 000/- p.a
- 5. In case of institutional clients namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institution as defined under section 4A of the Companies registered with IRDA and Public Financial Institution as defined under 4A of the Companies Act, 1956, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.

Annexure - (iii)

List of people authorized to attest the documents.

- 1. Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (Name, Designation & Seal should be affixed on the copy).
- 2. In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy/Consulate General in the country where the client resides are permitted to attest the documents.