

GRC BULLETIN

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SEBI

Simplification of KYC Process and Rationalisation of Risk Management Framework at KRAs

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CORPORATE LAWS

Authority

Security and
Exchange Board of
India

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SIMPLIFICATION OF KYC PROCESS AND RATIONALISATION OF RISK MANAGEMENT FRAMEWORK AT KRAS

Applicability:

Applicable to All Intermediaries, Stock Exchanges, Association of Mutual Funds in India (AMFI), Association of Portfolio Managers (APMI), BSE Administration & Supervision Ltd (BASL)

The following has been stated namely: -

- It states that the KRAs shall verify the following attributes of records of all clients within 2 days of receipt of KYC records,
 - i. PAN (including PAN Aadhaar linkage, as referred to in rule 114 AAA of the Income-tax Rules, 1962)
 - ii. Name
 - iii. Address
 - iv. client's mobile number and email id.
- It stipulates that if PAN exempt records are used, the characteristics such as name, address, mobile number, and email address must be validated by the KRAs.
- It specifies that records of clients whose all attributes specified in paragraphs 5/6 in the circular are checked by KRAs with government databases (such as the Income Tax Department database on PAN, Aadhaar XML/Digilocker/M-Aadhaar) are called Validated Records.
- In consultation with SEBI, the KRAs should establish systems/mechanisms in collaboration with one another and shall follow uniform internal guidelines/standards specifying elements of attribute identification and processes for verification/validation.
- It further stipulates that intermediary and KRA systems must be connected to provide for the seamless transfer of documents/information from the intermediary to the KRAs for verification/validation of characteristics under the risk management framework.
- All current clients whose KYC has been completed using OVDs other than Aadhaar must have their data validated within 90 days of September 1, 2023.

Source: [Click here for more details](#)

Head Quarters:

Vasudha, 2nd Floor, No. 2, 38th Main Rd,
Rose Garden, JP Nagar Phase 6, J. P. Nagar,
Bengaluru, Karnataka 560078

Ph: 080 41673023

Email: info@ricago.com

Website: www.ricago.com

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