

## **KNOW YOUR CUSTOMER (KYC) AND ANTI MONEY LAUNDERING (AML) POLICY**

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**Wonder Home Finance Ltd.**

CIN No. U65999RJ2017PLC059619

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HOME FINANCE**  
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**KNOW YOUR CUSTOMER (KYC) AND ANTI MONEY  
LAUNDERING (AML) POLICY**

**1. SCOPE**

**1.1 Applicability-** This “Know Your Customer and Anti-Money Laundering Policy” (**the Policy**) will apply to **Wonder Home Finance Ltd.** (hereinafter referred to as ‘**the Company**’ or ‘**Wonder HFL**’), its employees and its agents/ representatives.

**1.2 Effective Date-** This Policy shall be effective from the date of approval of this policy.

**1.3 Review of Policy-** The Policy shall be reviewed as and when required by the applicable rules and regulations.

**1.4 Policy Approval-** The Policy and any significant changes therein shall be approved by the Board of Directors of the Company or the Committee to whom an authority may be delegated by the Board.

**2. BACKGROUND**

As per the Prevention of Money Laundering Act 2002, “**Offence of Money Laundering**” is defined as “Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money-laundering.

Further, “**Proceeds of crime**” means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to scheduled offence or the value of any such property.”

The PMLA and the Rules notified thereunder impose obligation on banking companies, financial institutions (which includes chit fund company, a co-operative bank, a non-banking financial company and a housing finance institution) and other defined intermediaries to verify identity of clients, maintain records and furnish requisite information to Financial Intelligence Unit- India (FIU-IND). The PMLA defines money laundering offence and provides for the freezing, seizure and confiscation of the proceeds of crime.

In terms of the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, Housing Finance Companies are required to comply with the various provisions of the PMLA and ‘Know Your Customer’ (KYC) & ‘Anti Money Laundering’ (AML) guidelines prescribed from time to time.

The KYC and AML Policy has been prepared considering the following key elements:

- a) To lay down the criteria for Customer Acceptance (CAP);
- b) Risk Management;
- c) To lay down criteria for Customer Identification Procedures (CIP);
- d) To establish procedures for monitoring of transactions as may be applicable;

### 3. DEFINITIONS

For this Policy, definition of various terms used is as under:

#### 3.1 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 of/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 of/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.

**3.2 Cash Transaction Report (CTR)-** CTR will include the following:

- a) all cash transactions of the value of more than Rs.10 lakh or its equivalent in foreign currency;
- b) all series of cash transactions integrally connected to each other which have been individually valued below Rs.10 lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds Rs.10 lakh or its equivalent in foreign currency.

**3.3 Central KYC Records Registry (CKYCR)** means an entity defined under Rule 2(1)(aa) of Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.

**3.4 Counterfeit Currency Transaction**- All cash transactions, where forged or counterfeit Indian currency notes have been used as genuine. These cash transactions should also include transactions where forgery of valuable security or documents has taken place.

**3.5 Customer**- means a person who is engaged in a financial transaction or activity with the Company and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

**3.6 Customer Due Diligence (CDD)**- means identifying and verifying the customer and the beneficial owner using reliable and independent sources of identification.

Explanation – The CDD, at the time of commencement of an account-based relationship or while carrying out occasional transaction of an amount equal to or exceeding rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected, or any international money transfer operations, shall include:

- (a) Identification of the customer, verification of their identity using reliable and independent sources of identification, obtaining information on the purpose and intended nature of the business relationship, where applicable;
- (b) Taking reasonable steps to understand the nature of the customer's business, and its ownership and control;
- (c) Determining whether a customer is acting on behalf of a beneficial owner, and identifying the beneficial owner and taking all steps to verify the identity of the beneficial owner, using reliable and independent sources of identification.

- 3.7 Designated Director**- means the Managing Director or a whole-time Director designated by the Board of Directors of the Company to ensure overall compliance with the obligations prescribed by the PMLA and the Rules.
- 3.8 Group**- 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)
- 3.9 KYC Templates** means templates prepared to facilitate collating and reporting the KYC data to the CKYCR, for individuals and legal entities, as required by the relevant Rules.
- 3.10 Non-face-to-face customers**- Customers who open accounts without visiting the branch/offices of the Company or meeting its officials.
- 3.11 Officially valid document (OVD)**- Any document notified/ advised by the Central Government/ Regulatory Authorities as officially valid document for verifying identity and proof of address of customers.

**Currently, OVD means the following:**

- a) **Physical Aadhaar Card/ E- Aadhaar Card;**
- b) **Passport**
- c) **Driving License**
- d) **Voter's Identity Card issued by the Election Commission of India**
- e) **Job Card issued by NREGA duly signed by an officer of the State Government**
- f) **Letter issued by the National Population Register containing details of name and address.**

For the purpose of this clause, a document shall be deemed to be an OVD even if there is a change in the name subsequent to its issuance provided it is supported by a marriage certificate issued by the State Government or Gazette notification, indicating such a change of name.

**“Provided that 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:**

- a) utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- b) property or Municipal tax receipt;
- c) pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
- d) letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies

and leave and licence agreements with such employers allotting official accommodation.

- 3.12 On-going Due Diligence**- Regular monitoring of transactions in accounts to ensure that those are consistent with the company's knowledge about the customers, customer's business and risk profile, the source of funds/ wealth.
- 3.13 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 RBI, the PMLA and the Rules thereunder.
- 3.14 Politically Exposed Persons**- 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.
- 3.15 Principal Officer (PO)**- means an officer at the management level nominated by the Company, responsible for furnishing information as per PML (Maintenance Of Records) Rules 2005.
- 3.16 Resident**- as defined under sub-section (v) of section 2 of the Aadhaar Act, means an individual who has resided in India for a period or periods amounting in all to one hundred and eighty-two days or more in the twelve months immediately preceding the date of application for enrolment for Aadhaar.
- 3.17 Suspicious transaction** means a "transaction" as defined below, including an attempted transaction, whether or not made in cash, which, to a person acting in good faith:
- a) gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime, regardless of the value involved; or
  - b) appears to be made in circumstances of unusual or unjustified complexity; or
  - c) appears to have no economic rationale or bona fide purpose; or
  - d) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Explanation: Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organization or those who finance or are attempting to finance terrorism.

- 3.18 Transaction**- means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes:
- a) opening of an account;

- b) deposits, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means;
- c) the use of a safety deposit box or any other form of safe deposit;
- d) entering into any fiduciary relationship;
- e) any payment made or received in whole or in part of any contractual or other legal obligation;
- f) establishing or creating a legal person or legal arrangement.

**3.19 Walk-in Customer**- means a person who does not have an account based relationship with the Company, but undertakes transactions with the Company.

**4. Money Laundering and Terrorist Financing Risk Assessment**

WHFL 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 clients, 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, WHFL shall take cognizance of the overall sector-specific vulnerabilities, if any, that the regulator/supervisor may share with WHFL from time to time.

The risk assessment by the WHFL shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the WHFL. Further, the periodicity of risk assessment exercise shall be determined by the Board or any committee of Board of WHFL 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.

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.

**5. CUSTOMER ACCEPTANCE POLICY (CAP)**

In accordance with various guidelines issued by NHB on "Know Your Customer Guidelines & Anti Money Laundering Standards" and provisions of the PMLA, the Company has formulated Customer Acceptance Policy (CAP) which lays down the broad criteria for acceptance of customers.

The features of the CAP are detailed below:



- a) The Company will not open any account(s) in anonymous, fictitious or 'benami' name(s).
- 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 will be 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 will be specified.
- e) Optional or additional information will be obtained with an explicit consent of the customer after the account is opened.
- f) CDD Procedure will be followed for all the joint account holders, while opening a joint account.
- g) If an existing KYC compliant customer desires to open another account *or avail any other product or service from the Company* (provided there is no change in details last provided under the Company's KYC norms), there shall be no need for a fresh CDD exercise *as far as identification of the customer is concerned*
- h) The Company will ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations, etc. For this purpose, the Company shall maintain lists of individuals or entities issued by NHB, United Nations Security Council, other regulatory & enforcement agencies, internal lists as the Company may decide from time to time. Full details of accounts/ customers bearing resemblance with any of the individuals/ entities in the list shall be treated as suspicious and reported.
- i) Where Goods and Services Tax (GST) details are available, the GST number shall be verified from the search/verification facility of the issuing authority.
- j) Adequate due diligence is a fundamental requirement for establishing the identity of the customer. Identity generally means a set of attributes which together uniquely identify a natural person or legal entity. In order to avoid fictitious and fraudulent applications of the customers and to achieve a reasonable degree of satisfaction as to the identity of the customer, the Company will conduct appropriate due diligence.

The nature and extent of basic due diligence measures to be conducted at the time of establishment of account opening/ relationship, would depend upon the risk category of the customers and involve collection and recording of information by using reliable independent documents, data or any other information. This may include



identification and verification of the applicant and wherever relevant, ascertaining of occupational details, legal status, ownership and control structure and any additional information in line with the assessment of the risks posed by the applicant and the applicant's expected use of the Company's products and services from an AML perspective.

- k) The Company may rely on third party verification subject to the conditions prescribed by the NHB, the PMLA and the Rules thereunder in this regard.
- l) For non-face-to-face customers, appropriate due diligence measures (including certification requirements of documents, if any) will be devised for identification and verification of such customers.
- m) Relationship/ opening of accounts shall be established and the beneficiary of the relationship/ account shall also be identified.
- n) The information collected from the customer shall be kept confidential.
- o) Appropriate Enhanced Due Diligence (EDD) measures shall be adopted for high risk customers from AML perspective, especially those for whom the sources of funds are not clear, transactions carried through correspondent accounts and customers who are Politically Exposed Persons (PEPs) and their family members/close relatives.
- p) In respect of unusual or suspicious transactions/applications or when the customer moves from a low risk to a high-risk profile, appropriate EDD measures shall be adopted.
- q) 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. However, the decision to close an existing account shall be taken at a reasonably senior level, after giving due notice to the customer explaining the reasons for such a decision.
- r) The aspects mentioned in the CAP would be reckoned while evolving the KYC/AML procedures for various types of customers and products. However, while developing the KYC/CDD procedures, the Company will ensure that its procedures do not become too restrictive or pose significant difficulties in availing its services by deserving general public, especially the financially and socially disadvantaged sections of society.

## **6. RISK MANAGEMENT**

- 6.1** For Risk Management, the Company shall have a risk-based approach which includes the following:

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- a) Customers shall be categorized as low, medium and high-risk category, based on the assessment and risk perception of the Company;
- b) Risk categorization 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 etc. 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.
- c) The customers will be monitored on regular basis for tracking irregular behavior for risk management and suitable timely corrective action.

**6.2 High and Medium Risk from AML perspective**- A customer that is likely to pose a higher than average risk may be categorized high or medium risk depending on background, nature & location of customer, his/ her profile, scale of customer's volume, his/ her financials and social status etc. Due diligence measures will be applied based on the risk assessment. The Company shall apply enhanced due diligence measures for higher risk customers, especially those for whom the sources of funds are not clear.

**6.3 Low Risk from AML perspective**- All other customers (other than High and Medium Risk category) whose identities and sources of wealth can be easily identified and by and large conform to the known customer profile, may be categorized as low risk. In such cases, only the basic requirements of verifying the identity and location of the customer are to be met.

## **7. CUSTOMER IDENTIFICATION PROCEDURES (CIP)**

- a) The Company will undertake identification of customers in the following cases:
  - i) Commencement of an account-based relationship with the customer;
  - ii) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained;
  - iii) Selling their own products, selling third party products as agents and any other product as applicable;
  - iv) Carrying out transactions for a non-account based customer (walk-in customer).
- b) The Company shall obtain satisfactory evidence of the identity of the customer depending upon the perceived risks at the time of commencement of relationship/ opening of account. Such evidences shall be substantiated by reliable independent documents, data or information or other means like physical verification etc.
- c) The Company will obtain and verify Permanent account number (PAN) of customers as per the applicable provisions of Income Tax Rule 114B. Form 60 shall be obtained from persons who do not have PAN.
- d) For the customers that are legal person or entities:

- i) the Company will verify the legal status for the legal person/ entity through proper and relevant documents;
  - ii) the Company will understand the beneficial ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person.
- e)** Additional documentation may be obtained from the customers with higher risk perception as may be deemed fit. This shall be done having regard but not limited to location (registered office address, correspondence address and other addresses as may be applicable), nature of business activity, profile, source of income etc.;
- f)** 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 customer due diligence done by a third party, subject to the following conditions:
- i) Records or the information of the customer due diligence carried out by the third party is obtained immediately from the third party or from the Central KYC Records Registry.
  - ii) 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.
  - iii) 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 PML Act.
  - iv) The third party shall not be based in a country or jurisdiction assessed as high risk.
  - v) The ultimate responsibility for customer due diligence and undertaking enhanced due diligence measures, as applicable, will be with the Company.
- g)** The documents to be accepted by the Company for customer identification will be based on the regulatory prescriptions from time to time and may be implemented/ revised after approval from the Designated Director and the Principal Officer.

### **8. CUSTOMER DUE DILIGENCE (CDD) PROCEDURE**

**8.1 CDD Procedure in case of Individuals-** From an individual, along with one recent photograph and certified copy of Permanent Account Number (PAN), certified copy of one of the OVDs as defined under paragraph no. 3.10 above to be taken for verification of the identity and the address.

#### **8.1.1 Exceptions for PAN**

- a) **If PAN is not availed then** Form No. 60 as defined in Income-tax Rules, 1962 may be taken;

- b) **In case the individual client is not a resident or is a resident in the States of Jammu and Kashmir, Assam or Maghalaya and does not submit the Permanent Account Number**, the client shall submit to the Company one certified copy of officially valid document containing details of his identity and address, one recent photograph and such other document including in respect of the nature of business and financial status of the client as may be required by the Company;

The 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.

### **8.2 CDD Measures for Sole Proprietary firms**

- a) For opening an account in the name of a sole proprietary firm, a certified copy of an OVD as mentioned above, containing details of identity and address of the individual (proprietor) shall be obtained.
- b) 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:
- i) Registration certificate including Udyam Registration Certificate (URC) issued by the Government;
  - ii) Certificate/ License issued by the municipal authorities under Shop and Establishment Act;
  - iii) Sales and income tax returns;
  - iv) CST/VAT certificate/ GST Certificate;
  - v) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities;
  - vi) License/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute;
  - vii) 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;
  - viii) Utility bills such as electricity, water, and landline telephone bills.

In cases where the Company is satisfied that it is not possible to furnish two such documents, it may accept only one of those documents as proof of business/ activity, subject to contact point verification and collection of such other information and clarification as would be required to establish the existence of such firm. Further, it should be satisfied that the business activity has been verified from the address of the proprietary concern.

## **8.3 CDD Measures for other Legal Entities**

**8.3.1 Where the client is a company,** it shall submit to the Company the certified copies of the following documents:

- a) Certificate of incorporation;
- b) Memorandum and Articles of Association;
- c) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf; and
- d) An OVD, PAN and recent photograph of the managers, officers or employees holding an attorney to transact on the company's behalf as applicable to an individual for transaction with Wonder HFL.
- e) Names of the relevant persons holding senior management position
- f) Registered Office and the principal place of its business, if it is different

**8.3.2 Where the client is a partnership firm,** it shall submit to the Company certified copies of the following documents:

- a) Names of the all the partners
- b) Registration Certificate;
- c) Partnership Deed; and
- d) An OVD, PAN and recent photograph of the person holding an attorney to transact on the firm's behalf as applicable to an individual for transaction with Wonder HFL.
- e) Address of the registered office and its principal place of business, if it is different.

**8.3.3 Where the client is a trust,** it shall submit to the Company the certified copies of the following documents:

- a) Name of beneficiaries, trustees, settlor, protector, if any and authors of the Trust and address of the Registered Office of the Trust
- b) List of trustees and documents as are required for individuals (KYC) for those discharging role as trustee and authorized to transact on behalf of the trust
- c) Registration Certificate;
- d) Trust Deed; and
- e) An OVD, PAN and recent photograph of the person holding an attorney to transact on the trust's behalf as applicable to an individual for transaction with Wonder HFL.

**8.3.4 Where the client is an unincorporated association or a body of individuals,** it shall submit to the Company the certified copies of the following documents:

- a) Resolution of the managing body of such association or body of individuals;
- b) Power of attorney granted to him to transact on its behalf;

- c) An OVD, PAN and recent photograph of the person holding an attorney to transact on the entity's behalf as applicable to an individual for transaction with Wonder HFL; and
- d) Such information as may be required by the reporting entity to collectively establish the legal existence of such an association or body of individuals:

**"Explanation- Obtaining a certified copy shall mean comparing the copy of officially valid document so produced by the client with the original and recording the same on the copy by the authorized representative of the Company"**

**8.4 Selling Third party products-** The Company, if acting as agents while selling third party products as per regulations in force from time to time, will comply with the following aspects:

- a) The identity and address of the walk-in customer shall be verified for the transactions as required under its CIP;
- b) Transaction details of sale of third party products and related records shall be maintained.
- c) Monitoring of transactions for any suspicious activity will be done.

### **8.5 Enhanced Due Diligence**

- a) **Accounts of non-face-to-face customers:** The Company will include additional procedures i.e., certification of all the documents presented, calling for additional documents and the first payment to be effected through the customer's KYC-complied account with another regulated entity for enhanced due diligence of non-face to face customers.
- b) **Accounts of Politically Exposed Persons (PEPs):** The Company will have the option of establishing a relationship with PEPs (whether as customer or beneficial owner) provided that apart from performing normal customer due diligence:
  - i) The Company have in place appropriate risk management systems to determine whether the customer or the beneficial owner is a PEP;
  - ii) Reasonable measures are taken by the Company for establishing the source of funds / wealth;
  - iii) the approval to open an account for a PEP shall be obtained from the senior management;
  - iv) all such accounts are subjected to enhanced monitoring on an on-going basis;



- v) 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;

The above will also be applicable to family members or close associates of PEPs.

### **8.6 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 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.

### **9. MONITORING OF TRANSACTIONS/ ON-GOING DUE DILIGENCE**

Ongoing monitoring is an essential element of effective KYC procedures. 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.

The Company shall identify transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. The Company shall pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose.

- 9.1 The Company will put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures in case of higher risk perception on a customer. The Company will carry such review of risk categorization of customers at a periodicity of not less than once in six months.
- 9.2 **Periodic Updation-** The Company will conduct periodic updation of KYC documents 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 subject to the following conditions:



- a) Fresh proofs of identity and address shall not be sought at the time of periodic updation from customers who are categorised as 'low risk', when there is no change in status with respect to their identities and addresses and a self-certification to that effect is obtained.
  - b) A certified copy of the proof of address forwarded by 'low risk' customers through mail/ post, etc., in case of change of address shall be acceptable.
  - c) Physical presence of low risk customer at the time of periodic updation shall not be insisted upon.
  - d) The time limits prescribed above would apply from the date of opening of the account/ last verification of KYC.
  - e) Fresh photographs shall be obtained from customer for whom account was opened when they were minor, on their becoming a major.
  - f) E-KYC process using OTP based authentication for *updation*/ periodic updation is allowed provided while onboarding, the customer was subjected to proper KYC process.
- (g) To establish or update or periodically update an account, or to verify a customer's identity, WHFL will seek the KYC Identifier from the customer or retrieve it from CKYCR. WHFL will use this identifier to obtain KYC records online and will not ask the customer to resubmit the same KYC information or provide additional documents, 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. it is considered 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.
- h) The Company shall advise the customers that in order to comply with the PML Rules, in case 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 within 30 days of such update for the purpose of updating the records at Company's end.

### **10. REPORTING TO FINANCIAL INTELLIGENCE UNIT- INDIA**

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CIN No. U65999RJ2017PLC059619

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**10.1** In accordance with the requirements under PMLA, the Company will furnish the following reports, as and when required, to the Director, Financial Intelligence Unit-India (FIU-IND):

- a) **Cash Transaction Report (CTR)**- If any such transactions detected, Cash Transaction Report (CTR) for each month by 15<sup>th</sup> of the succeeding month.
- b) **Counterfeit Currency Report (CCR)**- All such cash transactions where forged or counterfeit Indian currency notes have been used as genuine as Counterfeit Currency Report (CCR) for each month by 15<sup>th</sup> of the succeeding month.
- c) **Suspicious Transactions Reporting (STR)**- The Company will endeavor to put in place automated systems for monitoring transactions to identify potentially suspicious activity. Such triggers will be investigated and any suspicious activity will be reported to FIU-IND.

The Company will file the Suspicious Transaction Report (STR) to FIU-IND within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. However, in accordance with the regulatory requirements, the Company will not put any restriction on operations in the accounts merely on the basis of the STR filed.

**10.2 Confidentiality and Prohibition against disclosing Suspicious Activity Investigations and Reports**- The Company will maintain utmost confidentiality in investigating suspicious activities and while reporting CTR/ CCR/ STR to the FIU-IND/ higher authorities. However, the Company may share the information pertaining to the customers with the statutory/ regulatory bodies and other organizations such as banks, credit bureaus, income tax authorities, local government authorities etc.

**11. SHARING KYC INFORMATION WITH CENTRAL KYC RECORDS REGISTRY (CKYCR)**

The Company will capture the KYC information for sharing with the CKYCR in the manner as prescribed in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, under the prescribed KYC templates for 'individuals' and 'Legal Entities' as applicable. Further, the Company will upload the KYC data pertaining to all types of prescribed accounts with CKYCR, as and when required, in terms of the provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. Also, whenever the Company obtains additional or updated information from any customer, the Company shall within seven days or within such period as may be notified by the Central Government, furnish the updated information to CKYCR, which shall update the KYC records of the existing customer in CKYCR. CKYCR shall thereafter inform electronically all the reporting entities who have dealt with the concerned customer regarding updation of KYC record of the said customer. Once CKYCR informs the Company regarding an update in the KYC record of an existing

customer, the Company shall retrieve the updated KYC records from CKYCR and update the KYC record maintained by the Company.

**12. REPORTING REQUIREMENT UNDER FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) AND COMMON REPORTING STANDARDS (CRS)**

If applicable to the Company, it will adhere to the provisions of Income Tax Rules 114F, 114G and 114H. If the Company becomes a Reporting Financial Institution as defined in Income Tax Rule 114F, it will take the following requisite steps for complying with the reporting requirements:

- a) Register on the related e-filing portal of Income Tax Department as a 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;
- c) Develop Information Technology (IT) framework for carrying out due diligence procedure and for recording and maintaining the same, as provided in Rule 114H;
- 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.

**13. INDEPENDENT EVALUTION**

To provide reasonable assurance that its KYC and AML procedures are functioning effectively, an audit of its KYC and AML processes will covered under Internal Audit of the Company.

The audit findings and compliance thereof will be put up before the Audit Committee of the Board on quarterly intervals till closure of audit findings.

**14. RESPONSIBILITIES OF THE SENIOR MANAGEMENT**

- 14.1 Designated Director-** The Company shall nominate a "Designated Director" to ensure compliance with the obligations prescribed by the PMLA and the Rules thereunder. The "Designated Director" can be a person who holds the position of senior management or

equivalent. However, it shall be ensured that the Principal Officer is not nominated as the “Designated Director”. The name, designation and address of the Designated Director shall be communicated to the FIU-IND.

**14.2 Principal Officer-** An official (having knowledge, sufficient independence, authority, time and resources to manage and mitigate the AML risks of the business) shall be designated as the Principal Officer of the Company. The Principal Officer will responsible for ensuring compliance, monitoring transactions, and sharing and reporting information as required under the law/ regulations. The name, designation and address of the Principal Officer shall be communicated to the FIU-IND.

**14.3 Key Responsibilities of the senior management**

- i) Ensuring overall compliance with regulatory guidelines on KYC/ AML issued from time to time and obligations under PMLA.
- ii) Proper implementation of the company’s KYC & AML policy and procedures.

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

**15. RECORD MANAGEMENT**

**15.1 Record-keeping requirements-** The Company shall introduce a system of maintaining proper record of transactions required under PMLA as mentioned below:

- a) all cash transactions of the value of more than Rs.10 lakh or its equivalent in foreign currency;
- b) all series of cash transactions integrally connected to each other which have been individually valued below Rs.10 lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds Rs.10 lakh or its equivalent in foreign
- c) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security or a document has taken place facilitating the transactions;
- d) all suspicious transactions whether or not made in cash; and
- e) records pertaining to identification of the customer and his/her address; and
- f) should allow data to be retrieved easily and quickly whenever required or when requested by the competent authorities.

**15.2 Records to contain the specified information-** The records should contain the following information:

- 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.

**15.3 Maintenance and Preservation of records**

- a) maintain for at least 10 years from the date of transaction between the Company and the client, all necessary records of transactions referred in para 14.1 above;
- b) maintain for at least 10 years from the date of transaction between the Company and the client, all necessary records of transactions which will permit reconstruction of individual transactions so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity;
- c) records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN card etc.) obtained while opening the account and during the course of business relationship would continue to be preserved for at least 10 years after the business relationship is ended;
- d) records may be maintained either in hard or soft format.

**16. HIRING OF EMPLOYEES, THEIR TRAINING AND EDUCATION OF CUSTOMERS**

**16.1 Hiring of Employees and Employee training-** Adequate screening mechanism as an integral part of their personnel recruitment/hiring process shall be put in place.

On-going employee training programme will be put in place so that the members of staff are adequately trained in KYC & AML policy.

**16.2** Implementation of KYC Procedures requires the Company to seek information which may be of personal nature or which has hitherto never been called for. This can sometimes lead to a lot of questioning by the customer as to the motive and purpose of collecting such information. To meet such situation, it is necessary that the customers are educated and apprised about the sanctity and objectives of KYC procedures so that the customers do not feel hesitant or have any reservation while passing on the information to the Company.

To educate the customers, the Company will arrange FAQs on KYC and AML measures. Such FAQs may be made available to the customers directly, on request, or through the Company's website.

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