

### Precautions on KYC Compliance

As per SEBI Circular dated 03.07.2007 Intermediaries (Stock Brokers and Depository Participants) are required to put in place suitable internal control systems to ensure that all branches are exercising due diligence in Opening Accounts, complying with KYC requirements, ensuring systems safety in complying with Client Instructions, verifying Signatures and Maintaining Client Records, etc.

Stock Exchanges and Depositories in consultation with SEBI have mandated that the following 6-KYC Attributes shall be mandatory for any financial transactions effective from 01.09.2021, as mentioned below:

Sr. No.	Attribute(s)	Remarks												
1	Name	The name should match with the name printed on PAN CARD												
2	Address	A Valid Address Proof as per the documents mandated in SEBI Circular												
3	PAN	In case PAN is not seeded with AADHAR before the date specified by the Government, it will not be considered as a valid PAN. The last date for seeding has been fixed as 30 <sup>th</sup> June, 2023.												
4	Valid Mobile Number	Separate Mobile Number and Email Address are required for each and every account holder. Upon written declaration common mobile number and email address can be shared for family where Family for this purpose has been defined as self, spouse, dependent parents and dependent Children ( below 18 years ).												
5	Valid Email-ID	In case of KBSIL has the Mobile Number and Email Address of the client in its Back Office, or Trading Account or in the Bank Account provided by the client and account is KYC complied in such Trading Account / Bank Account, KBSIL may update the details in the Demat Account and intimate the Client about the Updation by sending the Client Master Report along with an intimation to complete the validation process.												
6	Income Range	<table><tbody><tr><td>Individuals</td><td>Non-Individuals</td></tr><tr><td>-Below Rs. 1 Lac</td><td>-Below Rs. 20 Lacs</td></tr><tr><td>Rs. 1 lac to Rs. 5 Lac</td><td>Rs. 20 lacs to Rs. 50 lacs</td></tr><tr><td>Rs. 5 lac to Rs. 10 Lac</td><td>Rs. 50 lacs to Rs. 1 Crore</td></tr><tr><td>Rs. 10 lacs to Rs. 25 lacs</td><td>More than Rs. 1. Crore</td></tr><tr><td>-More than Rs. 25 Lacs</td><td></td></tr></tbody></table>	Individuals	Non-Individuals	-Below Rs. 1 Lac	-Below Rs. 20 Lacs	Rs. 1 lac to Rs. 5 Lac	Rs. 20 lacs to Rs. 50 lacs	Rs. 5 lac to Rs. 10 Lac	Rs. 50 lacs to Rs. 1 Crore	Rs. 10 lacs to Rs. 25 lacs	More than Rs. 1. Crore	-More than Rs. 25 Lacs	
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SEBI has advised Stock Exchanges and Depositories to instruct their Trading Member and Participants to ensure adequate due diligence while on-boarding of clients and conduction of KYC.

#### **FREEZE INITIATED BY DEPOSITORY WHERE NON-COMPLIANCE IN KYC IS FOUND**

As per Depository Operating Instructions (updated for June- 2021), if NSDL / CDSL observes deficiency in KYC documents of any Client of KBSIL, NSDL/CDSL will instruct KBSIL to FREEZE the Client Account for debits after following the Procedure mentioned below:

- On receipt of instruction from NSDL/CDSL, KBSIL shall send letter to the client informing about deficiencies in KYC documents and advise the client to submit rectified documents within 30

days. The Client shall be informed that the demat account will be frozen for debit if such documents are not received by KBSIL within 30 days.

- In addition to the Letter, KBSIL shall also send email to the Client at the registered Email Id. (if the same is available). KBSIL shall also take efforts to contact the Client through phone to inform the Client regarding KYC deficiencies.
- If KBSIL does not receive the rectified documents within a period of 30 day, it shall initiate FREEZE in NSDL / CDSL system under the Reason Code – KYC deficiency reported by NSDL / CDSL and inform the action taken to NSDL / CDSL.
- KBSIL Shall send the acknowledgement copy of freeze to the client. A SMS will be sent by NSDL / CDSL to the BO on the Registered mobile No. as recorded in the demat account intimating regarding the FREEZE.

Clients are advised to take note of the above and strictly comply with KYC Compliance Measures to enjoy seamless Trading Activities and avoid unpleasant actions from the Stock Exchange and Depositories.

**KBS India Limited**