

**ANTI – MONEY LAUNDERING
COMBATING FINANCING OF TERRORISM**

&

KNOW YOUR CUSTOMER POLICY

Change Matrix

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(I) Introduction

International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 was issued by IFSCA on October 28, 2022, which would be read with the Prevention of Money Laundering Act (PMLA), 2002, which was enacted in January 2005 Act along with the Rules framed there under has come into force with effect from 1st July, 2005. Section 3 of PMLA defines offence of money laundering 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 including its concealment, possession, acquisition or use and projecting or claiming it as untainted property shall be guilty of offence of money-laundering”. In fact, the activity of money laundering is an activity separate from the activity from which the money sought to be laundered is obtained.

Although the process of money laundering has only come to the attention of the international community in recent years, the practice has been present since a long time, dating back to the time of the pirates in European seas. But it was only in the 1920s that the term money laundering was used to refer to these kinds of activities.

According to historians, the term was first coined in the United States, referring to criminal gangs who used business establishments such as car washes and laundry shops to mask their illegal activities. Payments in laundry shops as well as vending machines in general are done through coins. The coins put into the machines are the only proof of how the business is going. Seeing that there will be no paper trail to point out the “additional” earnings that came from their illegal activities, crime groups intentionally add coins to the daily business income, making it appear that the coins were put there by paying customers. Some however, place the origin of the term money laundering to mean “the act of washing clean dirty money.”

But the true hazards of Money laundering came into light when the world was shocked when United States of America was hit by terror on September 11, 2001 which brought down the twin towers of WTC in New York. It was then when the World started taking notice of the terrorist financing activities and the hazards of money laundering. Soon after the 9/11 attacks, the Government of United States enacted the USA Patriot Act on October 26, 2001 and the Government of United Kingdom adopted the FSA (Financial Services Authority) Regulations for adoption of stringent policies for combating the menace of money laundering.

Several other countries have already enacted legislations to detect and curb money laundering activities. Finally, the Government of India succeeded in enacting such legislation after four years of presenting the Anti-Money Laundering Bill in 1998, which later got enacted as the Prevention of Money Laundering Act in 2002, with the objective of preventing or controlling the basic crimes related to Indian Penal Code, narcotics, corruption, tax-evasion etc.

The RBI issued the Know Your Customer (KYC) Guidelines – Anti Money Laundering Standards on November 29, 2004 keeping in mind the requirements of PML Act, 2002, which all the banks in India had to adopt by December 31, 2005 (compliance to AML standards). The Government has also setup a Financial Intelligence

Unit-India (FIU-IND), in line with Financial Action Task Force (FATF) recommendations. FATF is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing. The FIU would receive the Suspicious Activity Reports from all FIs and would analyze them before passing them to the Enforcement Directorate for investigation and prosecution.

IFSCA had laid down guidelines which provides a general background on the subjects of money laundering and terrorist financing and provides guidance on the practical implications of the Act. These Guidelines also sets out the steps that a Regulated Entities and any of its representatives, should implement to discourage and identify any money laundering or terrorist financing activities, there are essential elements have been given in the guideline for engagement of any client with Regulated entities

- a) Risk Based Approach
- b) Business Risk Assessment
- c) Customer Risk Assessment
- d) Customer Due Diligence

The term “CATCH” is a shorthand way of helping you to remember the five main elements of the implementation of these rules, regulations and guidelines.

1. Control your business by having anti money laundering systems in place
2. Appoint Money Laundering Reporting Officer
3. Train your staff
4. Confirm the identity of your customers
5. Hold all records for at least 10 years

(II) Role and Responsibilities

A) Principal Officer and Compliance Officer

- a) carrying out, or overseeing the carrying out of, ongoing monitoring of business relations for compliance with these Guidelines;
- b) promoting compliance of these Guidelines and taking overall charge of all AML/CFT matters within the organisation;
- c) informing employees, officers and representatives promptly of regulatory changes;
- d) ensuring a speedy and appropriate reaction to any matter in which ML/TF is suspected;
- e) reporting or overseeing the reporting of suspicious transactions;
- f) advising and training employees, officers and representatives on developing and implementing internal policies, procedures and controls on AML/CFT;
- g) reporting to Senior Management on the outcome of review of the Regulated Entity's compliance with these Guidelines and Risk assessment procedure; and
- h) reporting regularly on key AML/CFT risk management and control issues, and any necessary remedial actions, arising from audit, Inspection & Compliance reviews to the Regulated Entity,s Senior Management.
- i) The Principal Officer (PO) would be responsible for maintaining all the records of transactions which are reported to him during the identification and monitoring of transactions on a day to day basis.
- j) All the transactions reported to him are to be kept in his custody and are to be kept for ten years from the date of reporting to him.
- k) All the transactions reported to him are to be kept in his custody and are to be kept for ten years from the date of reporting to him.
- l) PO shall be responsible for reporting suspicious transactions including inter-alia, credits or debits into from any non-monetary account such as demat accounts, security account maintained by Regulated entity
- m) PO shall be responsible to provide necessary information, as required by Law Enforcement Agencies (LEA) and adhere to the specific actions, as directed
- n) PO will be responsible for putting in place necessary controls for detection of suspicious transactions.
- o) PO shall be responsible to adhere to the orders on Financial Intelligence Unit – India (FIU) Portal, as updated.
- p) PO shall be responsible to ensure that the FME intimates the Registrar and Transfer Agent list of Individuals/Entities as updated and informed by United Nations Security Council (UNSC) in its Sanction List which is to be blocked for transactions
- q) PO shall receive disclosures related to suspicious transactions from the staff or otherwise.
- r) PO will be responsible, after consultation from the designated personnel(s), for deciding whether a transaction should be reported to the appropriate authorities.

- s) PO will be responsible for training of staff and preparing detailed guidelines / handbook for detection of suspicious transactions.
- t) PO will initiate follow up action on unusual or suspicious activity and co-ordinate with branch functionaries in deciding on the desirability of continuing the account with increased caution and monitoring or to close the account. The PO would also decide on whether to report the relationship to regulatory or law enforcement authorities.
- u) PO will be responsible to file NTR Reporting with FIU for all the transactions involving receipts by non-profit organizations of value more than Rs.10 Lakh or, its equivalent in foreign currency.
- v) PO will keep himself abreast of the latest developments in Anti-Money Laundering area in other organizations/countries and report to his Board accordingly.

~~With reference to IFSCA (AML/CTF/KYC Guidelines 2022 require appointment/designation of a Designated Director and a Principal Officer to ensure compliance with AML and related obligations.~~

~~The Designated Director ensures overall compliance with AML obligations. The Principal Officer is responsible for day to day AML/KYC compliance functions.~~

~~In purview of this for IFSCA requirements, Mirae Asset Investments Managers (India) Private Limited (IFSCA Branch) (FME, the Principal Officer of the FME will act as the Designated Director and the Compliance Officer of the FME will act as the Principal Officer for all AML/KYC related activities.~~

~~In accordance with IFSCA (AML/CFT & KYC) Guidelines, 2022, the FME designate a Designated Director (DD) and a Principal Officer (PO). These shall be two distinct natural persons with sufficient seniority and authority, independent of internal audit and business line functions. The DD shall have overall responsibility for AML/CFT compliance; the PO shall oversee day-to-day implementation, monitoring, internal reporting, and interaction with FIU-IND.~~

(III) Obligations of the FME

a) Know Your Customer:

The Government of India has authorized the Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI, an independent body), to perform the function of Central KYC Records Registry including receiving, storing, safeguarding and retrieving KYC records in digital form.

Accordingly, Clause 11.6 of Chapter XI of IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 deals with Central Know Your Customer (CKYC) and Operationalization of CKYC vides that clause Regulated Entity shall capture customer's KYC records and upload on CKYCR within ~~710~~ days of commencement of an account-based relationship with the customer in the form and manner as prescribed under Central KYC Registry Operating Guidelines 2016, released by Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) and shall ensure that:

- (i) the KYC records to be uploaded are as per KYC Template released by CERSAI.
- (ii) Once KYC Identifier is generated by CKYCR, the same is communicated to the Customer.
- (iii) It has performed the last KYC verification or has sent updated information in respect of a Customer to CKYCR.

Where a customer, for the purposes of establishing an account-based relationship, submits a KYC Identifier to a Regulated Entity with an explicit consent to download records from CKYCR, such Regulated Entity shall retrieve the KYC records online from the CKYCR using the KYC Identifier and the customer shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless

- (i) there is a change in the information of the customer as existing in the records of CKYCR;
- (ii) the current address of the customer is required to be verified; and,
- (iii) the Regulated Entity considers it necessary in order to verify the identity or address of the customer, or to perform enhanced due diligence or to build an appropriate risk profile of the client.

As per the Clause 11.1 of Chapter XI of IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022, Regulated Entities shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and amendments thereto, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC). The details of the two lists are as under:

- I) The ISIL (Da'esh) & Al-Qaida Sanctions List" which Includes names of individual and entities associated with with the Al-Qaida. The updated ISIL &Al- Qaida Sanctions List is available at:

<https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/al-qaida-r.xsl>

- II) The " 1988 Sanctionas List", consisting of individuals (Section A of the consolidated list and entities (Section B) associated with the Taliban which is available at:

<https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/taliban-r.xsl>

- III) Details of accounts resembling any of the individuals/entities mentioned in the above lists, shall be reported to FIU-IND apart from advising Ministry of Home Affairs as required under UAPA Order bearing file no.14014/01/2019/CFT dated February 2, 2021, issued by the CTCR Division of the Ministry of Home Affairs, Government of India, which is available at

https://www.mha.gov.in/sites/default/files/ProcedureImplementationSection51A_30032021.pdf

- IV) In addition to the above, other UNSC Resolutions circulated by the IFSCA in respect of any other jurisdictions/ entities from time to time, shall also be taken note of for necessary compliances.

IV)v)

The need to "Know Your Customer" is vital for the prevention of money laundering. In terms of the Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by IFSCA regarding the Anti Money Laundering (AML Laws), all intermediaries, including FME,

have to formulate and implement a client identification programme, verify and maintain the record of identity and address(es) of investors.

IFSCA has issued various circular/guidelines for ensuring uniformity in the Know Your Customer (KYC) process and to eliminate duplication of KYC across intermediaries in the securities and financial market. Intermediaries include Broker Dealer through stock exchanges, FME.

MAIMI (FME) should know its clients, their identification/addresses, financial standings, type and extent of money transactions they need to do depending upon their profession/business/ employment and monitoring of these transactions like origin of transaction, source of funds, jurisdictions, etc., which would help track illegal transactions to a great extent. Therefore, Client identification is of paramount importance for MAIMI (FME) to create the very first barrier to check money laundering using its operating channel. Client identification means identifying the client and verifying his identity by using reliable independent source of documents, data for information, MAIMI (FME) need to obtain sufficient information necessary to establish to their satisfaction the identity of true client.

b) Transaction Acceptance Policy:

As a Regulated Entity, it is important to maintain a record of all the transactions, the nature and value of which have been prescribed in the Rules under IFSCA Guideline and PLMA. Most investments are made vide cheques / electronic funds transfers. As per industry best practice, no third-party cheques/ electronic funds transfers are accepted for investments barring a few permissible exceptions (viz. minor investors through guardians, employers on behalf of employees, custodian on behalf of FIIs and principal on behalf of an agent/distributor/dealer). It is thus ensured that the funds for subscriptions are largely through a bank account where the first applicant is one of the account holders.

Any transaction which does not meet the said criteria should not be accepted / processed.

c) Customer Risk Assessment

Regulated Entity while undertaking customer risk assessment shall captured following information factors

- 1) identify the customer and Beneficial Owner, if any;
- 2) obtain information on the purpose and intended nature of the business relationship;
- 3) Obtain information on and take into consideration, the nature of the customer's business;
- 4) take into consideration the nature of the customer, its ownership, control structure, and its Beneficial Ownership, wherever applicable
- 5) take into the consideration the nature of the customer's business relationship the regulated Entity
- 6) take into consideration the customer's country of origin, residence, nationality, place of Incorporation or place of business;
- 7) take into consideration the relevant product, service or transaction; and,

- 8) take into consideration the beneficiary of the policy including any Beneficial Owner of such beneficiary, if it is providing the customer with a life insurance or other similar policy.
- 8)9) Beneficial Ownership thresholds are set at 10% for companies and partnerships and 10% interest for trust beneficiaries, with 'control through other means' assessed per guideline definitions.

Apart from the abovementioned information regulated entity shall considered the following factors for assigning the risk as Low, Medium and High

Factors that may indicate high ML/TF risk

a) Customer risk:

- i) Whether the customers are from high-risk businesses / activities / sectors, as well as from other sectors as may be identified by it;
- ii) Whether the ownership structure of the legal person or arrangement appears unusual or excessively complex
- iii) Whether the business relations are conducted under unusual circumstances (e.g., significant unexplained geographic distance between the Regulated Entity and the customer);
- iv) Whether the companies have nominee shareholders or shares in bearer form;
- v) Whether the legal persons or legal arrangements are personal asset holding vehicles; and
- vi) Whether the corporate structure of the customer is unusual or excessively complex given the nature of the business.

b) Country or Geographic risk

- i) Whether the countries or jurisdictions the Regulated Entity is exposed to, either through its own activities (including where its branches and subsidiaries operate in) or the activities of its customers (including the regulated entity's network of correspondent account relationships) have relatively high levels of corruption, organized crime or inadequate AML/CFT measures, as identified by the FATF;
- ii) Whether the countries or jurisdictions are identified by any credible body as having significant levels of corruption, terrorism financing or other criminal activities;
- iii) Whether the countries or jurisdictions are identified by credible sources, such as mutual evaluation or detailed assessment reports or published follow-up reports, as not having adequate AML/CFT systems;
- iv) Whether the countries or jurisdictions do not have effective systems to counter ML/TF; or not implementing the AML/CFT measures that are consistent with FATF Recommendations;
- v) Whether the countries or jurisdictions are subject to sanctions, embargos or similar measures issued by International Organisations or India;
- vi) Whether the countries or jurisdictions are funding or supporting the terrorism; and,
- vii) Whether countries or jurisdictions have organizations operating within their territory that have been designated by India, other countries or International Organizations as terrorist organizations.

- c) product, service, transaction or delivery channel risk factors
- i) Whether the service involves private banking;
 - ii) Whether the product, service or transaction is one that might favour anonymity;
 - iii) Whether the situation involves non-face-to-face business relationships or transactions, without adequate safeguards;
 - iv) Whether the payments received are from unknown or unassociated third parties;
 - v) Whether the services offered are in relation to nominee directors, nominee shareholders or the formation of companies in another country; and
 - vi) Whether there are anonymous transactions or any transaction which involves frequent payments received from unknown or unassociated third parties.

Factors that may indicate low ML/TF risks

- a) Customer risk:
- i) a Government entity;
 - ii) public companies listed on a stock exchange and subject to disclosure requirements (either by stock exchange rules or through law or enforceable means), which impose requirements to ensure adequate transparency of beneficial ownership.
 - iii) regulated financial institution incorporated or established outside India that is subject to and supervised for compliance with AML/CFT requirements consistent with standards set by the FATF.
 - iv) a subsidiary of a regulated financial institution referred to in sub-clause (iii) above, if the law that applies to the Parent entity ensures that the subsidiary also observes the same AML standards as that of its Parent entity;
 - v) a public body or a publicly owned enterprise;
 - vi) a resident established or registered in a geographical area of low risk;
- b) product, service, transaction or delivery channel risk factors, including whether the product or service:
- i) a Contract of Insurance that is non-life insurance;
 - ii) a Contract of Insurance that is a life insurance product with no investment return or redemption or surrender value;
 - iii) an insurance policy for a pension scheme that does not provide for an early surrender option and cannot be used as collateral;
 - iv) a Contract of Insurance which is a reinsurance contract that is ceded by an insurer which is a regulated financial institution;
 - v) a pension, superannuation or similar scheme that satisfies the following conditions:
 - vi) (aa) the scheme provides retirement benefits to employees;
 - vii) (bb) contributions to the scheme are made by way of deductions from wages; and
 - viii) (cc) the scheme rules do not permit the assignment of a member's interest
 - ix) a product where the ML/TF risks are adequately managed by other factors such as transaction limits or transparency of ownership; and

- x) financial products or services that provide appropriately defined and limited services to certain types of customers (e.g., to increase customer access for financial inclusion purposes)

Mirae FME shall take all the abovementioned factors into consideration while onboarding a client

d) Customer Due Diligence

The investors should be subject to ongoing scrutiny throughout the course of a business relationship. It must be ensured that transactions are conducted in a manner consistent with the AMC's knowledge of a customer, their businesses, risk profile and also their declared income / source of funds, wherever possible. In order to ensure this, the Customer Due Diligence / Enhanced Due Diligence processes prescribed are as under:

Risk based approach:

- A risk-based approach has been recommended under the IFSCA guidelines wherein clients in certain special categories may be placed under increased monitoring and subject to an enhanced KYC. The level of Money Laundering risks that the Fund is potentially exposed to by an investor relationship largely depends on a few key factors. These are broadly:
 - Transaction pattern of the client (complexity of transactions if any)
 - Status of client (resident individual / non-resident / non-Individual)
 - Status of client (resident individual / non-resident / non-Individual)
 - Type of product / service availed by the client
 - Location of the client's domicile
 - Client's business or profession
 - Manner of remittance of funds
 - Dubious background of clients (based on publicly available information)

Categorization of Investors:

Investors must be continuously reassessed for categorization into various levels of risk viz., high, medium and low. Depending on various factors like client occupation, income, investment value, tax status, PEP status, country of residence (in case of non-residents), their nationality, whether operating through power of attorney etc., investors must be assigned appropriate risk levels. This will enable to focus greater attention on high risk clients. Companies listed on the stock exchanges, are generally treated as low risk and may be white-listed. Similarly, investors with known credentials / acceptable background may be white-listed.

Policy for establishing business relationship with Politically Exposed Persons:

Clause 5.5 of Chapter XI of IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 deals with Politically Exposed Persons (PEPs) as 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 party officials etc. Family members or close relatives of such individuals are also considered as PEPs.

As per clause 5.5 of Chapter XI of IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 Regulated Entity shall implement appropriate internal risk management systems, policies and procedures to determine if a customer or any natural person appointed to act on behalf of the customer, or any beneficial owner of the customer is a politically exposed person (PEP) and sought the following additional documents in case of where a customer or any beneficial owner of the customer is determined PEP by Regulated entity

~~(i)~~i. Collect by appropriate and reasonable means, adequate information including information about the source of wealth and income of family members, any beneficial owner and close relatives;

~~(ii)~~Verify the identity before accepting the PEP as a customer;

~~(iv)~~ii. Obtain approval from its Senior Management before opening an account of a PEP or making any payout under the life insurance or other similar policy to the PEP;

~~(v)~~iii. In the event of an existing customer or the beneficial owner of an existing account subsequently becoming a PEP, obtain the senior Management's approval to continue the business relationship;

~~(vi)~~iv. Increase the degree and nature of ongoing monitoring of the business relationship, to determine whether the customer's transaction or activities appear unusual or suspicious

~~(vii)~~v. Carry out the additional Customer Due Diligence for circumstances specified in sub-clauses (i) to (v)above, before making any payout under the life insurance or other similar policy.

e) Enhanced Due Diligence

The risks of ML/TF are high, a Regulated Entity shall conduct enhanced CDD measures, consistent with the risks identified. The enhanced CDD measures are as follows:

- (i) Obtaining additional information on the customer (e.g., occupation, volume of assets, information available through public databases, internet, etc.), and updating more regularly the identification data of customer and beneficial owner.
- (ii) Obtaining information and taking additional steps to examine the ownership and financial position, including source of wealth and source of funds of the customer or, if applicable, of the Beneficial Owner.
- (iii) Obtaining information and taking additional steps to record the purpose behind conducting the specified transaction and the intended nature of the relationship between the transaction parties.
- (iv) Obtaining the approval of Senior Management to commence or continue the business relationship.
- (v) Conducting enhanced monitoring of the business relationship, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination; and,
- (vi) Requiring the first payment to be carried out through an account in the customer name with a bank subject to similar CDD standard.

(IV) Risk Management

- (i) FATF issues guidance on a periodic basis, on how to deal with high-risk and non-cooperative jurisdictions.
- (ii) Transactions by PEPs or their close relatives/associates
- (iii) Multiple attempts at investments with KYC failures
- (iv) Online transactions based on multiple factors like frequency, redemptions to different bank mandates, transactions having no economic rationale (short period non-liquid fund transactions) etc
- (v) Abuse of the provisions of PAN exemption in order to avoid submitting PAN at the time of investment(s) or is investing using multiple fronts

(V) Role of Internal Auditors:

The internal auditors should periodically check the efficacy of the alert management and STR reporting process. The auditors, inter alia, may check as part of their scope of audit, the following:

- (i) Third party cheques / instruments are not accepted for subscriptions.
- (ii) Subscriptions are accepted only from KYC compliant investors
- (iii) Transactions of PAN exempt category of investors are within the prescribed rules/thresholds
- (iv) No Transactions in cash
- (v) Adequacy of a reporting mechanism to FIU-IND

The internal auditor's scope must cover a review of implementation of the Act and various IFSCA circulars on a periodic basis and may report their findings to the Audit Committee of the Board / Board of Directors

(VI) Know Your Customer (KYC) Procedure

For Individual Investors:

The Government of India has authorized *the Central Registry of Securitization and Asset Reconstruction and Security interest of India* (CERSAI, an independent body), to perform the function of Central KYC Records Registry including receiving, storing, safeguarding and retrieving KYC records in digital form.

Accordingly, in line with SEBI circular nos. CIR/MIRSD/66/2016 dated July 21, 2016 and CIR/MIRSD/120/2016 dated November 10, 2016 on Operationalization of Central KYC (CKYC), read with AMFI Best Practice Guidelines circular no. 68/2016-17 dated December 22, 2016, new individual investors investing in the Schemes of the Fund are requested to note the following changes, from **February 1, 2017:**

1. New individual investors who have never done KYC under KRA (KYC Registration Agency) regime and whose KYC is not registered or verified in the KRA system will be required to fill

the new CKYC form while investing with the Fund. CKYC is currently not applicable for Non-Individual Investors. All new Non Individual Investors will continue with the old KRA KYC form.

2. If any new individual investor uses the old KRA KYC form which does not have all the information needed for registration with CKYC, then such investor will be required to either fill the new CKYC form or provide the missing/additional information using the Supplementary CKYC form.
3. Investors who have already completed CKYC and have a KYC Identification Number (KIN) from the CKYC platform can invest in schemes of the Fund quoting their designated KIN issued by CKYC on the application form (14 digits for normal accounts and 15 digits for simplified and small accounts). Further, in case the investor's PAN is not updated in CKYC system, PAN details are to be provided in the AMC's Common Application Form or copy of the PAN is to be provided with the along with AMC's Common Application Form.

Further, the investors may please note that the AMC/ Mutual Fund shall use the KIN of the investors to download the KYC information from CKYC and update its records as and when required.

The CKYC form and Supplementary CKYC form for individual investors and common application forms are available on the AMC's website. Further, the Aadhar based E-KYC facility for the transactions through the website of the Fund has been withdrawn.

4. Investors who have completed KYC process through any of the intermediaries such as DP, PMS, etc., on or after 1st January, 2012 and hold a valid acknowledgement issued by KRA for the same may invest with any of the mutual funds with the same acknowledgement. However, a mutual fund may choose to carry out enhanced due diligence based on its internal client due diligence policy.
5. New KYC form can be submitted by an investor along with an investment application (purchase / additional purchase / switch / SIP mandate forms) and not on a standalone basis. However, an investor who has investments in any mutual fund and is not KYC compliant will have to CKYC form to the mutual fund by quoting the folio number
6. As per clause 1.iv of the SEBI circular dated December 23, 2011 the intermediary shall carry out KYC when the client chooses to trade / invest / deal through the intermediary. Therefore, it is essential for an intermediary to have the client account opening form duly signed by the investor along with the CKYC documents in order to proceed with carrying out the CKYC, uploading the KYC information on the system of the CKRA, and forwarding KYC documents to the CKRA. This may not necessarily be accompanied by a payment instrument for investments which can happen subsequent to account opening.
7. Mutual fund distribution platforms using electronic mode of transaction submission should get the KYC of first-time investors initiated through any of the mutual funds by filling up mutual

fund's account / folio opening form. Once the investor's KYC gets triggered with a KRA, the investor is free to transact with any mutual fund.

For Non-Individual Investors:

Pursuant to SEBI Circular no. MIRSD/ Cir-26/ 2011 dated December 23, 2011, SEBI (KYC Registration Agency) Regulations, 2011 and SEBI Circular No. MIRSD/SE/Cir-21/2011 dated October 5, 2011, regarding uniformity in the Know Your Customer (KYC) process in the securities market and development of a mechanism for centralization of the KYC records to avoid duplication of KYC Process across the intermediaries in the securities market and further to simplify KYC norms and make it more investor friendly, Mirae Asset Trustee Company Pvt. Limited, the Trustee to Mirae Asset Mutual Fund ("Mutual Fund"), with effect from January 1, 2012 (the "Effective Date"), has decided to make the following changes:

SEBI has introduced a common KYC Application Form for all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes, etc.

For this purpose, KYC registration is being centralized through KYC Registration Agencies (KRA) registered with SEBI. Thus, each investor has to undergo a uniform KYC process only once in the securities market and the details would be shared with other intermediaries by the KRA. CVL (CDSL Ventures Ltd.), who was retained by the mutual funds for centralized registration and record keeping of KYC records, has recently obtained SEBI registration as a KRA.

With effect from January 01, 2012, all investors are required to follow the new KYC compliance procedure as mentioned below while making any investments with the Fund:

Fill up and sign the Common KYC application form [available on the Fund's web site i.e. www.miraeassetmf.co.in] (for individual investors or non-individual investors as

At the time of transacting with the Fund, submit, in person, the completed KYC application form along with all the necessary documents as mentioned in the KYC application form with any of the offices of the distributors (qualified as per the following note), Registrar & Transfer Agent of the Fund or the Fund; and

Obtain a temporary acknowledgement for submission of all the documents and completion of IPV;

Funds in IFSC have undergone the process of "Know Your Distributors" are authorised to carry out the IPV. Unless the IPV process is completed, the investor will not be considered as KYC compliant under the new KYC compliance procedure and hence will not be permitted to make any investment in the Fund.

For investors proposing to invest with the Fund directly (i.e. without being routed through any distributor), IPV done by a IBU in IFSC may also be relied upon by the Fund.

Note: As per the SEBI circular MIRSD/Cir-26/2011 dated December 23, 2011, it is mandatory for SEBI registered intermediaries to carry out “In-Person Verification” (“IPV”) of any investor dealing with a SEBI registered intermediary. The Mutual Fund may also undertake enhanced KYC measures & due diligence based on the internal client due diligence policy to commensurate with the risk profile of the investors.

For investments in a mutual fund, the Asset Management Companies, Registrar and Transfer Agents of mutual funds and distributors which comply with the certification process of National Institute of Securities Market or Association of Mutual Funds in India and have undergone the process of “Know Your Distributors” are authorised to carry out the IPV. Unless the IPV process is completed, the investor will not be considered as KYC compliant under the new KYC compliance procedure and hence will not be permitted to make any investment in the Fund.

For investors proposing to invest with the Fund directly (i.e. without being routed through any distributor), IPV done by a scheduled commercial bank may also be relied upon by the Fund.

a. Attestation of documents and IPV shall be conducted only by the authorised employees of AMC, the RTA appointed by the AMC and the distributors who comply with the certification process of National Institute of Securities Market (NISM) or Association of Mutual Funds in India (AMFI) and have undergone the process of ‘Know Your Distributor (KYD).

b. AMFI registered distributors also need to ensure that their registration is valid and have furnished necessary mandatory requirements such as self declaration, etc.

c. The following shall be recorded on the KYC form;

- I. Name of the person doing attestation of documents/IPV, his designation, organization, his signatures and date of IPV.
- II. ARN code and name of the distributor in case of attestation/IPV done by a valid ARN holder.
- III. In case the attestation/IPV is done by a sub broker, the sub broker conducting the attestation/IPV shall:
 - (i) 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).
 - (ii) Affix on the KYC application form, in addition to his ARN code, the ARN code of the main distributor and the sub broker code allotted to him by the main distributor.

- d. In case of attestation/IPV done by a sub broker, the main distributor under whose code the folio is opened shall also be responsible for the KYC process, including the IPV, conducted by the sub broker.
- e. In case of applications received as “Direct” (not through a distributor), mutual funds may rely on attestation/IPV performed by an authorised official of a scheduled commercial bank.
- f. Attested copies of the KYC documents can be accepted, if the same are attested by the list of people authorised to attest the documents, as mentioned on the KYC forms.
- g. Entities / Authorised persons undertaking verification of documents and the IPV shall exercise due care and diligence while validating the documents and verifying the identity of the client in-person.
- h. Various due diligences to be exercised by the distributors (including sub-brokers who are registered with AMFI) while conducting the KYC process will form part of Code of Conduct prescribed for distributors.

Once all the documents are verified by a KRA, they will send the investor a letter within 10 working days from the date of receipt of necessary documents by them from the Fund or its Registrar and Transfer Agent informing the investor either about compliance by the investor of the new KYC compliance procedure (“final acknowledgement”) or any deficiency in submission of details or documents.

On the basis of the temporary acknowledgement or the final acknowledgement the investor need not undergo the same process again with another intermediary including mutual funds. However, Mirae Asset Mutual Fund reserves the right to carry out fresh KYC of the investor.

New KYC form can be submitted by an investor along with an investment application (purchase / additional purchase / switch / SIP mandate form / mandate form) and not on a stand alone basis, as was possible prior to 31/12/2011. However, an investor who has investments in any mutual fund and is not KYC compliant may submit new uniform KYC form to the mutual fund by quoting the folios number.

For Micro Applications: In accordance with AMFI circular dated June 30, 2009 and final AMFI Guidelines received on July 14, 2009 and SEBI letter to AMFI dated July 24, 2012, investments in Mutual Fund (including SIP investment where the aggregate of SIP installments in a rolling 12 months period or in a financial year i.e. April to March) of upto Rs. 50,000/- per investor per year shall be exempt from the requirement of PAN. However, eligible Investors (including joint holders) should comply with the KYC requirement through registered KRA by submitting Photo Identification documents as proof of identification and the Proof of Address [self-attested by the investor / attested by the ARN Holder/AMFI distributor]. These exempted investors will have to quote the “PERN (PAN exempt KYC Ref No) in the application form. This exemption of PAN will be applicable only to investments by individuals (including NRIs but not PIOs), joint holders, Minors and Sole proprietary firms. PIOs, HUFs and other categories of investors will not be eligible for this exemption

Exemptions/clarifications to PAN:

(*Sufficient documentary evidence in support of such claims to be collected)

1. 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. Investments (including SIP) in Mutual Funds upto Rs 50,000/- p.a. per investor
5. In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 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. Thus, submission of PAN is mandatory for all other investors existing as well as prospective investors (except the ones mentioned above) (including all joint applicants/holders, guardians in case of minors, POA holders and NRIs but except for the categories mentioned above) for investing with mutual funds from this date. Investors are required to register their PAN with the Mutual Fund by providing the PAN card copy (along with the original for verification which will be returned across the counter). All investments without PAN (for all holders, including Guardians and POA holders) are liable to be rejected.

Application Forms without quoting of PERN shall be considered incomplete and are liable to be rejected without any reference to the investors. The procedure implemented by the AMC and the decisions taken by the AMC in this regard shall be deemed final.

However, new investors will also have to fill up the new KYC form along with the IPV requirements.

Mutual Funds shall accept any of the standard specified identification instruments like Voter ID card, Government/Defense ID card, Card of Reputed employer, Driving License, Passport, etc. in lieu of PAN with effect from August 1, 2009.

In view of the above, Investors are requested to enclose copies of any of the said document(s) which shall be self-attested and also attested by the ARN Holder.

Investors with PAN are not eligible for simplified KYC Procedure.

In accordance with AMFI circular dated June 30, 2009, on exemption of PAN for Systematic Investment Plans (SIP) upto Rs. 50,000 per year per investor, with effect from August 1, 2009;

- Investors (including joint holders) must submit a photocopy of any one of the documents identified mentioned above along with Micro SIP applications.
- Supporting document must be current and valid.
- Supporting document copy shall be self-attested by the investor.

- While making subsequent Micro SIP applications with a mutual fund, investor can quote the existing folio number where a Micro SIP has been registered and therefore need not resubmit the supporting document.

This exemption will be applicable ONLY to investments by individuals (including NRIs but not PIOs), Minors and Sole proprietary firms. HUFs and other categories will not be eligible for Micro Applications.

The exemption is applicable to joint holders also.

KYC procedure:

- New investors will also have to fill up the new CKYC form along with the IPV requirements.
- Investors (including joint holders) will submit a photocopy of any one of the documents identified above along with Micro SIP applications.
- Supporting document must be current and valid.
- Supporting document copy shall be self-attested by the investor.
- While making subsequent Micro applications with a mutual fund, investor can quote the existing folio number where a Micro application has been registered and therefore need not resubmit the supporting document.

- Existing forms may be modified to provide for additional columns for (1) marking the application as ‘Micro Application” (2) providing the date of birth and (3) listing the type of the supporting document and identification number (if any).
- RTA will capture the details as part of the investor registration.
- Any one of the following PHOTO IDENTIFICATION documents can be submitted along with Micro SIP applications as proof of identification in lieu of PAN.
 - Voter Identity Card
 - Driving License
 - Government / Defense identification card
 - Passport
 - Photo Ration Card
 - Photo Debit Card (Credit card not included because it may not be backed up by a bank account).
 - Employee ID cards issued by companies registered with Registrar of Companies (database available in the following link of Ministry of Company affairs <http://www.mca.gov.in/DCAPortalWeb/dca/MyMCALogin.do?method=setDefaultProperty&mode=31>)
 - Photo Identification issued by Bank Managers of Scheduled Commercial Banks / Gazetted Officer / Elected Representatives to the Legislative Assembly / Parliament
 - ID card issued to employees of Scheduled Commercial / State / District Co-operative Banks.
 - Senior Citizen / Freedom Fighter ID card issued by Government.
 - Cards issued by Universities / deemed Universities or institutes under statutes like ICAI, ICWA, ICSI CPA.
 - Permanent Retirement Account No (PRAN) card issued to New Pension System (NPS) subscribers by CRA (NSDL).
 - Any other photo ID card issued by Central Government / State Governments /Municipal authorities / Government organizations like ESIC / EPFO.

In addition to the photo identification documents referred above, the AMC shall take a copy of the proof of address which is self-attested and attested by the ARN holder.

In order to protect investors from frauds, it is advised that the Application Form number / folio number and name of the first investor should be written overleaf the cheque / draft, before they are handed over to any courier / messenger / distributor / ISC.

In order to protect investors from fraudulent encashment of cheques, the Regulations require that cheques for Redemption of Units specify the name of the Unit Holder and the bank name and account number where payments are to be credited. Hence, all applicants for Purchase of Units must provide a bank name, bank account number, branch address, and account type in the Application Form.

Who can carry out CKYC:

The following SEBI/IFSCA registered intermediaries are required to carry out a CKYC process at the time of account opening:

- All Recognized Stock Exchanges
- Stock Brokers through Recognized Stock Exchanges
- All recognized Depositories
- Depository Participants through Depositories
- Association of Mutual Funds in India
- Mutual funds through AMFI
- Portfolio Managers
- KYC Registration Agencies (KRAs)
- Alternative Investment Funds (AIFs)
- Collective Investment Schemes (CIS)
- Venture Capital Funds (VCFs)
- Custodians
- Investment Advisors
- Banks

In-person verification (IPV) and document verification/attestation:

a. Attestation of documents and IPV shall be conducted only by:

- Authorized employees of FME
- RTA appointed by the AMC
- Know Your Distributor (KYD) compliant distributors who comply with the certification process of regulatory authorities.
- Manager of Scheduled Commercial/Cooperative Bank or Multinational Foreign Banks

- In case of NRI, persons permitted to attest documents, may also conduct In-person verification (IPV)
-
- b. IFSCA registered distributors also need to ensure that their registration is valid and have furnished necessary mandatory requirements such as self-declaration, etc.
- c. The following shall be recorded on the KYC form
 - Name of the person doing attestation of documents/IPV, his designation, organization, his signatures and date of IPV
 - ARN code and name of the distributor in case of attestation/IPV done by a valid ARN holder.
 - In case the attestation/IPV is done by a sub broker, the sub broker conducting the attestation/IPV shall
 - Comply with the certification process of National Institute of Securities Market (NISM) and have undergone the process of 'Know Your Distributor (KYD).
 - Affix on the KYC application form, in addition to his ARN code, the ARN code of the main distributor and the sub broker code allotted to him by the main distributor.
- d. In case of attestation/IPV done by a sub broker, the main distributor under whose code the folio is opened shall also be responsible for the KYC process, including the IPV, conducted by the sub broker.
- e. In case of applications received as "Direct" (not through a distributor), mutual funds may rely on attestation/IPV performed by Authorized employees of AMC OR an authorised official of a Scheduled Commercial/Cooperative Bank or Multinational Foreign Banks
- f. Attested copies of the KYC documents can be accepted, if the same are attested by the list of people authorised to attest the documents, as mentioned on the KYC forms
- g. Entities/Authorised persons undertaking verification of documents and the IPV shall exercise due care and diligence while validating the documents and verifying the identity of the client in-person
- h. Various due diligences to be exercised by the distributors (including sub-brokers who are registered with AMFI) while conducting the KYC process will form part of Code of Conduct prescribed for distributors

The terms and conditions of the agreement between all the participatory Mutual funds and CVL are governed by the AMFI Working Committee. The terms and conditions and the pricing can be revised by the AMFI Working Committee at a periodic interval which later can be ratified by the FME.

Following is the policy applicable for category of persons:

This policy spells out the Client Identification Procedure to be carried out at different stages, viz.

- a. while establishing a Client relationship;
- b. carrying out a financial transaction, or
- c. when MAMF has a doubt about the authenticity/veracity or the adequacy of the previously obtained client identification data.

Client identification means identifying the Client and verifying his/her identity by using reliable, independent source documents, data or information. MAMF needs to obtain sufficient information necessary to establish, to their satisfaction, the identity of each new Client, whether regular or occasional, and the purpose of the intended nature of Investment. Being satisfied means that MAMF must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the Client in compliance with the extant guidelines in place. Such risk based approach is considered necessary to avoid disproportionate cost to Company and a burdensome regime for the Clients. Besides risk perception, the nature of information/ documents required would also depend on the type of Client (individual corporate etc.).

Natural persons: For Clients that are natural persons, MAMF has to obtain sufficient identification data to verify the identity of the Client and preferably his investment proofs for its address/location.

Legal persons: For Clients that are legal persons or entities, FME should

- a. verify the legal status of the legal person/entity through proper and relevant documents;
- b. ii. verify that any person purporting to act on behalf of the legal person/entity is so authorized and identity and verify the identity of that person;
- c. iii. understand the ownership and control structure of the Client and determine who are the natural person who ultimately control the legal person.

Client identification requirements in respect of a few typical cases, especially, legal person requiring an extra element of caution are given in this policy, as under

Trust/Nominee or Fiduciary Accounts

There exists the possibility that trust/nominee or fiduciary accounts can be used to circumvent the Client identification procedures. MAMF can determine whether the Client is acting on behalf of another person as trustee/nominee or any other intermediary. If so, MAMF may insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons, on whose behalf they are acting, as along obtain details of the nature of the trust or other arrangements in place. At the time of investments for a trust, MAMF should take reasonable precautions to verify the identity of the trustees and settlors of trust (including any person settling assets into the trust), grantors, protectors, beneficiaries and signatories. Beneficiaries should be identified when they are defined. In

the case of a ‘foundation’, steps should be taken to verify the founder managers/directors and the beneficiaries, if defined.

Companies and Firms

MAMF has to examine the control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management. These requirements may be moderated according to the risk perception e.g. in the case of a public Company it will not be necessary to identify all the shareholders.

An indicative list of the nature and type of documents/information that may be relied upon for Client identification is given as under –

CLIENT IDENTIFICATION PROGRAM

Features to be verified and documents that may be obtained from *Individual Clients*

Features	Documents
Proof of identity	<ul style="list-style-type: none"> ▪ PAN (mandatory for Indian Investor) <p>Copy of any one of the following for PERN cases/ PAN exempt cases:</p> <ul style="list-style-type: none"> ▪ Valid Passport ▪ Voter’s Identity Card ▪ Valid Driving license ▪ AADHAR Card ▪ NREGA JOB card ▪ Others (any document notified by Central Government) <p>Identity card with the applicant photographs issued by:</p> <ul style="list-style-type: none"> ▪ Central Govt./State Govt. departments ▪ Statutory/Regulatory Authorities ▪ Public Sector Undertaking ▪ Public Financials Institution ▪ Scheduled Commercial banks ▪ Colleges affiliated to University ▪ Professional Bodies such as ICAI, ICSI, Bar Council, ICWAI and CPA ▪ Credit/Debit Card issued by the Banks

	<p>Or</p> <ul style="list-style-type: none"> ▪ Letter issued by Gazette Officer, with duly attested photo of the person
<p>Proof of address (If the address on Proof of identity is not in force or invalid)</p>	<p>One copy of any one of the following containing address</p> <ul style="list-style-type: none"> ▪ Valid Passport ▪ Voter’s Identity Card ▪ Valid Driving license ▪ AADHAR Card ▪ NREGA JOB card ▪ Others (any document notified by Central Government), includes Utility bills which is not more than 2 months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill); Bank account or Post Office savings bank account statement; documents issued by Government departments of foreign jurisdictions and letter issued by Foreign Embassy or Mission in India; Identity card with applicants photographs and address issued by any of the following: Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Schedule Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council, etc., to their Members; and Credit cards/Debit cards issued by Banks <p>If the correspondence and permanent address is different, then the proof for both needs to be submitted</p>
<p>Foreign Address (in case given by NRIs/FIIs)</p>	<ul style="list-style-type: none"> ▪ Valid Passport ▪ PIO Card ▪ OCI Card and overseas address proof is mandatory ▪ Proof of identity and address can also be established by any document containing the photograph, address and signature, duly attested by a manager of a scheduled commercial bank (the designation seal should be affixed), notary public or gazetted officer. ▪ copy of Bank account statement / Passbook (for foreign address) ▪ Any other document duly certified by local authority in the country of residence

	<ul style="list-style-type: none"> ▪ In case the documents are in foreign language the same to be translated to English and certified by government authority in country of residence or the Indian Embassy. ▪ In case investors provide more than one address, proof of only one of the addresses needs to be provided
Others	<ul style="list-style-type: none"> ▪ Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (Continuous Discharge Certificate).

The above documents would be accepted in any language specified in the Eighth Schedule of the Constitution of India. Documents in any language other than a scheduled language must be translated into English, and duly attested by a notary public or gazetted officer. Signatures by way of a thumb impression are to be duly attested by a notary public or gazette officer. In the case of a minor, the ID proof should be that of the guardian and the address proof that is submitted should match with the address on the application form.

Features to be verified and documents that may be obtained from NON- INDIVIDUAL CLIENTS:

Features	Documents
Proof of identity	<ul style="list-style-type: none"> ▪ Self-attested copy of PAN Card of the HUF (MANDATORY) ▪ Aadhaar ▪ Valid Passport ▪ Voter ID card ▪ Valid Driving license ▪ 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, Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and Credit cards/Debit cards issued by Banks.
Proof of address	<ul style="list-style-type: none"> ▪ Passport/Voters Identity Card/Ration Card/Registered Lease or Sale Agreement of Residence/Driving License/Flat Maintenance bill/Insurance Copy. ▪ Utility bills like Telephone Bill (only land line), Electricity bill or Gas bill - Not more than 3 months old. ▪ Bank Account Statement/Passbook - Not more than 3 months old. ▪ Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts. ▪ Proof of address issued by any of the following: Bank Managers of Scheduled Commercial Banks/Scheduled Co-Operative Bank/Multinational Foreign Banks/Gazetted

	<p>Officer/Notary public/Elected representatives to the Legislative Assembly/Parliament/Documents issued by any Govt. or Statutory Authority</p> <ul style="list-style-type: none"> ▪ 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 ▪ 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. ▪ The proof of address in the name of the spouse may be accepted. <p>Alternately, the proof of address can be any of the documents listed for an Individual to be provided by the Karta</p>
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HUF: Units can only be held in the name of the Karta on behalf of the HUF

Additional details required apart from Proof of Identity and Proof of Address of NON-INDIVIDUALS:

Features	Documents
Generic details	<ul style="list-style-type: none"> ▪ Permanent Account Number (PAN) (MANDATORY) ▪ Place and date of incorporation, date of commencement of business have been added. ▪ Registration no. (e.g. CIN) ▪ Income details and additional information on the net worth as on a recent date ▪ Following details of Promoters / Partners / Karta / Trustees / Whole time directors are required: ▪ Photograph of any one of the authorized signatories on the KYC application form. ▪ Copy of the balance sheets for the last 2 financial years and thereafter to be submitted every year. ▪ Copy of latest share holding pattern ▪ _____ ▪ _____

	<ul style="list-style-type: none"> ▪
Companies / bodies corporate	<ul style="list-style-type: none"> ▪ 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 all 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 ▪ Photograph, POI, POA, PAN of individual promoters holding control – either directly or indirectly ▪ Copies of the Memorandum and Articles of Association and certificate of incorporation ▪ Copy of the Board Resolution for investment in securities market ▪ Authorised signatories list with specimen signatures
Partnership firms	<ul style="list-style-type: none"> ▪ Copy of the balance sheets for the last 2 financial years (to be submitted every year) ▪ Certificate of registration (for registered partnership firms only) ▪ Copy of partnership deed ▪ Authorised signatories list with specimen signatures ▪ Photograph, POI, POA, PAN of Partners
Trusts, foundations, NGOs, Charitable Bodies, Clubs / Mutual Fund Schemes	<ul style="list-style-type: none"> ▪ Copy of the balance sheets for the last 2 financial years (to be submitted every year) ▪ Certificate of registration (for registered trust only).Copy of Trust deed ▪ List of trustees certified by managing trustees/CA ▪ Photograph, POI, POA, PAN of Trustees
HUF	<ul style="list-style-type: none"> ▪ PAN of HUF/ Deed of declaration of HUF ▪ Deed of declaration of HUF/List of coparceners ▪ Bank pass-book/bank statement in the name of HUF ▪ Photograph, POI, POA, PAN of Karta
Unincorporated association or a body of individuals	<ul style="list-style-type: none"> ▪ 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
Scheduled Commercial Banks and Registered Financial Institutions not incorporated under the Companies Act, 1956/2013	<ul style="list-style-type: none"> ▪ Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years ▪ Authorized signatories list with specimen signatures
Regulatory Bodies	<ul style="list-style-type: none"> ▪ Authorized Signatory List and self-certification on letterhead

Army / Government Bodies	<ul style="list-style-type: none"> ▪ Self-certification on letterhead ▪ Authorized signatories list with specimen signatures
Registered Society	<ul style="list-style-type: none"> ▪ Copy of Registration Certificate under Societies Registration Act ▪ List of Managing Committee members ▪ Committee resolution for persons authorised to act as authorised signatories with specimen signatures ▪ True copy of Society Rules and Bye Laws certified by the Chairman/Secretary
Foreign Institutional Investors (FII)	<ul style="list-style-type: none"> ▪ Copy of SEBI registration certificate ▪ Authorized signatories list with specimen signatures

All the original documents are to be verified before acceptance of copy. The originals are to be verified by the Points of Acceptance/Service Centres and any other person authorized to do so. The originals are to be verified immediately and returned back to the client. The copies of the originals are to be certified by the client. The aforesaid list of documents is indicative and is subject to change as may be required/notified by the regulatory agency or the agency seeking them. The investors are requested to confirm the documents with AMC/RTA before submitting the same for transactions.

List of people authorized to attest the documents, as notified by regulator

1. Authorized Officials of AMC or Registrar acting on behalf of AMC
2. KYD Compliant MF distributions
3. 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).
4. 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.
5. Government authorized officials who are empowered to issue Apostille certificates

Video-Based Customer Identification Process (V-CIP) for Indian Nationals

~~In accordance with the International Financial Services Centres Authority (Anti-Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022, issued vide Notification IFSCA/2022-23/GN/GL001 dated October 28, 2022, the Regulated Entity shall implement a secure and compliant Video-Based Customer Identification Process (V-CIP) for onboarding Indian nationals.~~

Technology & Infrastructure Requirements

- ~~• V-CIP must utilize a secure, tamper-proof system capable of:~~
 - ~~1. **Liveness detection** to prevent deep fake or spoofing;~~
 - ~~2.1. **Face recognition matching** with customer provided ID (e.g., Aadhaar, PAN);~~

- ~~3.1. **Geo-tagging** with date-time stamp;~~
- ~~4.1. **Encrypted video recording and secure retention** in accordance with data privacy and retention policies;~~
- ~~5.1. **IP verification**: for Indian residents, the IP address must originate from within India.~~

Operational Controls

- ~~• Only trained and authorized personnel, or designated entities (e.g., KYC Registration Agencies), shall conduct V-CIP sessions under formal agreements ensuring confidentiality and regulatory compliance.~~
- ~~• The V-CIP officer must verify:~~
 - ~~• Official documents (Aadhaar QR/XML, PAN);~~
 - ~~• Customer's real-time appearance against ID;~~
 - ~~• Liveness checks and awareness of any unusual or suspicious behavior;~~
 - ~~• Geo-tag and timestamp validity.~~

Governance & Compliance

- ~~• The Regulated Entity retains full responsibility for KYC due diligence, accuracy of records, and adherence to IFSCA's cybersecurity and resilience framework.~~
- ~~• All V-CIP processes shall be documented, monitored, and subject to periodic internal audits.~~

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 1. **Liveness detection** to prevent deep-fake or spoofing;
 2. **Face recognition matching** with customer-provided ID (e.g., Aadhaar, PAN);
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 - Official documents (Aadhaar QR/XML, PAN);
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 - Liveness checks and awareness of any unusual or suspicious behavior;
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- The Regulated Entity retains full responsibility for KYC due diligence, accuracy of records, and adherence to IFSCA’s cybersecurity and resilience framework.
- All V-CIP processes shall be documented, monitored, and subject to periodic internal audits.
- **Video-KYC (V-CIP) for NRIs / Foreign-Resident Clients** — The Branch shall onboard resident Indian clients via V-CIP in accordance with the IFSCA (AML, CFT & KYC) Guidelines, 2022, as amended, and may also onboard low-risk NRI customers residing in IFSCA-approved foreign jurisdictions under the 31 Oct 2025 IFSCA circular that modifies Part-A of Annexure II (V-CIP), subject to all additional controls prescribed therein. These controls include: conducting V-CIP only through an authorised official of the Regulated Entity (RE), a supervised financial-group entity in India, or a KYC Registration Agency (KRA); ensuring end-to-end encrypted sessions with robust liveness/anti-spoofing safeguards and geo-location/IP validation; and storing the full V-CIP artefacts/recordings on RE or RE-group servers with no retention by third-party technology vendors and with cybersecurity compliance aligned to IFSCA’s baseline Cyber Security & Cyber Resilience Guidelines (Mar 10, 2025) referenced in the circular. Where a prospective customer is a foreign-resident client outside IFSCA’s notified jurisdictions or risk parameters, V-CIP shall not be used and the customer shall be onboarded through permitted alternative KYC routes (e.g., physical/OVD-based or equivalent); jurisdictional eligibility and the approved control set will be reviewed and implemented as updated by IFSCA from time to time. The Branch will maintain complete V-CIP recordings/logs and KYC files in retrievable form for regulatory retention periods and will enforce sanctions/PEP screening and ongoing due diligence in line with AML/CFT obligations. V-CIP may be conducted by an authorised official of the FME, by a financial group entity in India supervised by a financial regulator, or by a KRA. Baseline cybersecurity & resilience controls, liveness, geo-tagging and encrypted video recording are mandatory. Where permitted, NRI V-CIP will follow IFSCA’s additional safeguards including IP source checks and debit-freeze until first credit verification.

UNIFORM IMPLEMENTATION OF KYC REQUIREMENTS

In line with SEBI circular no. MIRSD/Cir-5/2012 dated April 13, 2012 and in terms of AMFI Best Practice guidelines no. 62/2015-16 dated September 18, 2015, the investors may note that in order to make investments in the schemes of MAMF, for all the new investors with effect from November 01, 2015 and for all the existing investors with effect from January 01, 2016:

- It shall be mandatory to provide / update ‘Ultimate Beneficial Ownership’ declaration / information.
- It shall be mandatory to provide additional KYC information / details as prescribed in the Application Form.

- The AMC shall not accept any transactions (whether fresh or additional subscriptions / switches) pertaining to 'KYC-On Hold' cases, unless and until the Investors / Unitholders submits KYC missing information or updated information and / or complete IPV, which the respective AMC / intermediary shall update in KRA-KYC system promptly.

Foreign Account Tax Compliance Act ("FATCA")

The Foreign Account Tax Compliance Act is a United States ("US") law aimed at prevention of tax evasion by US citizen and residents ("US Persons") as defined under the U.S. Securities Act of 1933 and corporations or other entities organized under the laws of US, through use of the offshore accounts. The FATCA provisions were included in the Hiring Incentive to Restore Employment (HIRE) Act of 2010, enacted by the US legislature. FATCA is designed to increase compliance by US taxpayers and is intended to bolster efforts to prevent tax evasion by the US taxpayers with offshore investments.

The Government of India and the United States of America (US) have reached an agreement in substance on the terms of an Inter- Governmental Agreement ("IGA") to implement FATCA and India is now treated as having an IGA in effect from April 11, 2014. FATCA provides for Foreign Financial Institutions to register with the US Internal Revenue Service ("IRS"), to obtain Global Intermediary Identification Number (GIIN). The AMC and/or the Fund/Trustee Co. are likely to be classified as a 'Foreign Financial Institution' (Investment Entity) under the FATCA provisions.

FATCA is globally applicable from July 1, 2014 and in order to comply with FATCA obligations, the Fund may seek additional information from investors while accepting applications, in order to ascertain their U.S. Person status. Further, with effect from September 15, 2014, the Fund will not accept applications which are not accompanied with information/documentation under FATCA. Investors are therefore requested to ensure that the details required in the Form "Details Under Foreign Account Tax Compliance Act (FATCA)" of the new Application Form are complete and accurate to avoid rejection of the application (updated forms are available on Fund's website - www.miraeassetmf.co.in).

Under the FATCA regime, in respect of the existing investments from U.S. citizen as on June 30, 2014, the AMC/the Fund will be required to undertake due diligence process and identify US reportable accounts and collect such information/documentary evidences of the investors/Unit holders and disclose such information as far as may be legally permitted about the holdings/investment returns to US IRS and/or the Indian Tax Authorities as and when necessary.

FATCA due diligence will have to be directed at each investor/Unit holder (including joint investor) and on being identified as a reportable person/specified US person, all the folios will be reported. Further, in case of folio with joint investors, the entire account value of investment portfolio will be attributable under each such reportable person.

An investor/Unit holder will therefore be required to furnish such information for the AMC/Fund to comply with the reporting requirements stated in IGA and circulars issued by SEBI/AMFI in this regard.

Investors/Unitholders should consult their own tax advisors regarding FATCA requirements with respect to their own situation.

Investors can get more details on FATCA requirements at <http://www.irs.gov/Businesses/CorporationS/Foreign-Account-Tax-Compliance-Act-FATCA>

FATCA / CRS requirements

In line with SEBI circular no. CIR/MIRSD/2/2015 dated August 26, 2015 and in terms of AMFI Best Practice guidelines no. 63/2015-16 dated September 18, 2015 with respect to uniform implementation of Foreign Accounts Tax Compliance Act (FATCA) and Common Reporting Standards (CRS), the investors may note that with effect from November 1, 2015, details as per FATCA / CRS declaration shall be mandatorily provided for all new accounts / folios opened, without which the applications shall not be accepted.

Implementation of the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 with respect to seeding of Aadhaar number:

The Ministry of Finance (Department of Revenue) in consultation with the Reserve Bank of India has made certain amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, namely, the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017. These Rules have come into force with effect from June 1, 2017. These Rules, inter alia, make it mandatory for investors to submit Aadhaar number issued by the Unique Identification Authority of India (UIDAI) in respect of their investments.

Accordingly, investors shall note the following requirements in relation to submission of Aadhaar number and other prescribed details to Mirae Asset Mutual Fund/its Registrar and Transfer Agent/ Asset Management Company ("the AMC"):

Where the investor is an individual, who is eligible to be enrolled for Aadhaar number, the investor is required to submit the Aadhaar number issued by UIDAI. Where the Aadhaar number has not been assigned to an investor, the investor is required to submit proof of application of enrolment for Aadhaar. If such an individual investor is not eligible to be enrolled for Aadhaar number, and in case the Permanent Account Number (PAN) is not submitted, the investor shall submit one certified copy of an officially valid document containing details of his identity and address and one recent photograph along with such other details as may be required by the Mutual Fund.

The investor is required to submit PAN as defined in the Income Tax Rules, 1962.

Where the investor is a non-individual, apart from the constitution documents, Aadhaar numbers and PANs as defined in Income-tax Rules, 1962 of managers, officers or employees or persons holding an attorney to transact on the investor's behalf is required to be submitted. Where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar is required to be submitted and in case PAN is not submitted an officially valid document is required to be submitted. If a person holding an authority to transact on behalf of such an entity is not eligible to be enrolled for Aadhaar and does not submit the PAN, certified copy of an officially valid document containing details of identity, address, photograph and such other documents as prescribed is required to be submitted.

WAIVER OF LOAD FOR DIRECT APPLICATIONS

Pursuant to SEBI circular no. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009 no entry load shall be charged for all mutual fund schemes. Therefore, the procedure for waiver of load for direct applications is no longer applicable.

The scheme application forms carries suitable disclosure to the effect that the upfront commission to distributors will be paid by the investor directly to the distributor, based on his assessment of various factors including the service rendered by the distributor.

The distributors are required to disclose all the commissions (in the form of trail commission or any other mode) payable to them for the different competing schemes of various mutual funds from amongst which the scheme is being recommended to the investor.

The aforesaid provisions shall be applicable for:

- Investments in mutual fund schemes (including additional purchases and switch-in to a scheme from other schemes) with effect from August 1, 2009.
- Redemptions from mutual fund schemes (including switch-out from other schemes) with effect from August 1, 2009.
- New mutual fund schemes launched on and after August 1, 2009, Systematic Investment Plans (SIP) registered on or after August 1, 2009.

THIRD PARTY PAYMENTS

In accordance with AMFI guidelines the acceptance of Third Party Payments effective from November 15, 2010 (Effective Date) has been restricted. Accordingly third party payment instruments for subscriptions/ investments shall not be accepted by the AMC except in the following cases:

- i) Payment by Parents / Grand-Parents / Related Persons* on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs. 50,000 for each regular purchase or per SIP installment;
- ii) Payment by Employer on behalf of employee under Systematic Investment Plans or lump sum / one-time subscription, through Payroll deductions.
- iii) Custodian on behalf of an FII or a Client.
- iv) Payment by AMC to a Distributor empanelled with it on account of commission/incentive etc. in the form of the schemes of Mirae Asset Mutual Fund through Systematic Investment Plans or lump sum / one-time subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time. The AMC shall exercise extra due diligence in terms of ensuring the authenticity of such arrangements from a fraud prevention and ensure compliance with provisions of PMLA Act regarding prevention of money laundering etc.

"Third Party Payment" means payment made through an instrument issued from a bank account other than that of the first named applicant / investor mentioned in the application form. In case of payment instruments issued from a joint bank account, the first named applicant / investor must be one of the joint holders of the bank account from which the payment instrument is issued.

*'Related Person' means any person investing on behalf of a minor in consideration of natural love and affection or as a gift.

In cases a payment is covered under above exceptions, the following additional documents are also required to be mandatorily provided together with the Application Form:-

- Mandatory KYC Acknowledgment letter for all investors (guardian in case of minor) and the person making the payment i.e. third party.
- Submission of a separate, duly filed and valid 'Third Party Payment Declaration Form' from the investors (guardian in case of minor) and the person making the payment i.e. third party. The said form shall be available on the AMC Website/ at Investor Service Centres.

(B) Documents to be obtained for exceptional cases:

In case of exceptional situations as above, AMCs should have appropriate and adequate controls in place to carry out verification as required under the Prevention of Money Laundering Act (PMLA), which should, inter alia, includes:

- a) Determining the identity of the Investor and the person making payment i.e. mandatory KYC for Investor and the person making the payment.
- b) Obtaining necessary declaration from the Investor and the person making the payment. Declaration by the person making the payment should give details of the bank account from which the payment is made and the relationship with the beneficiary.
- c) Verifying the source of funds to ensure that funds have come from the drawer's account only

Process to identify Third-Party payments

The following process is recommended for identifying Third-Party Cheque:

- a) An investor at the time of his/her purchase must provide the details of his pay-in bank account (i.e. account from which a subscription payment is made) and his pay-out bank account (i.e. account into which redemption / dividend proceeds are to be paid). AMC's and R&TAs already have a process of capturing an investor's bank details mandatorily. These details are used for pay-out. It is recommended that the same details also be used for verifying pay-in (i.e. payment of the subscription money). This can leverage on existing processes which verify such bank accounts using a cancelled cheque leaf, bank statement, etc. In case an investor has multiple accounts, he should be encouraged to register them with the AMC. Pay-in from such registered single or multiple accounts can be treated as 1st party payments.
- b) If the subscription is settled with pre-funded instruments such as Pay Order, Demand Draft, Banker's cheque, etc., a Certificate from the Issuing banker must accompany the purchase application, stating the Account holder's name and the Account number which has been debited for issue of the instrument. The AMC/RTA shall check that the funds have been debited from a pre-registered pay in account, or from the account of the first named unit holder. Further, AMFI vide clarification dated 6th January, 2011 have clarified that where an investor subscribes for units vide a DD issued by way of debit to his / her bank account, the AMC shall accept any one of following:
 - proof of debit to the investor's bank account in the form of a bank manager's certificate with details of account holder's Name, bank account number and PAN as per bank records, if available;
 - copy of the acknowledgement from the bank, wherein the instructions to debit carry the bank account details and name of the investor as an account holder are available; and
 - copy of the passbook/bank statement evidencing the debit for issuance of a DD.

The above will be a valid supporting document in such subscriptions.

- c) A pre-funded instrument issued by the Bank against Cash shall not be accepted for investments of Rs.50,000/- or more. In such instances, a banker's certificate for issuance of a DD against cash that also states the investor's Name, bank account number and PAN as per

bank record, if available, is a must. The AMC/R&TA shall check that the name as per the letter matches with the first named unit holder.

However, it must be ensured for both point (b) and (c) above, that such bank account number of the investor is the same as the / one of the registered bank account mandate(s) with the fund or the bank details mentioned in the application form

- d) If payment is made by RTGS, NEFT, ECS, bank transfer, etc., a copy of the instruction to the bank stating the account number debited must accompany the purchase application. The AMC/R&TA shall check that the account number mentioned on the transfer Instruction copy is a registered pay-in account or belonging to the first named unit holder.
- e) If aggregated payments are received via Channel distributors, AMCs shall ensure that the settlement model has satisfactory checks and balances against 3rd party payments.
- f) For payments through net banking, AMCs shall endeavor to obtain the details of the bank account debited from the payment gateway service provider and match the same with the registered pay-in accounts. In case it is found that the payment is not made from a registered bank account or from an account not belonging to the first named unit holder, the AMC/R&TA shall reject the transaction with due intimation to the investor

Recommendation to avoid Third party payments:

- 1. Registration of Pay-in Bank account: The investor at the time of his subscription for units must provide the details of his Pay-in bank account (i.e. account form which subscription payment is made) and his Pay-out bank account (i.e account into which redemption/ dividend proceeds are to be paid). The details on facility for registration of Multiple Bank Accounts are mentioned hereafter.
- 2. Subscription through Pre-funded instruments like Pay Order /Demand Draft etc: In case of subscription through pre-funded instruments such as Pay Order- Demand Draft/ Bankers Cheque, such pre-funded instruments should be procured by the Investor against registered pay-in account. Along with the payment instrument, the Investor is also required to submit a Certificate from the Banker issuing the pre-funded payment instrument stating the account holders name and the account number from which the amount has been debited for the issue of the instrument.
- 3. Subscription through Pre-funded instruments (Demand Draft, Pay-order etc.) procured against cash: Subscription through Pre-funded instruments procured against cash shall only be accepted for investments below Rs. 50,000/-. Investor is required to provide a certificate from Banker stating the name, address and PAN (if available) of the person requisitioning such pre-funded instruments.
- 4. Subscriptions through RTGS, NEFT, ECS, bank transfer etc: In such case, Investor is required to provide a copy which has been provided to the Bank indicating the account number and the debit instructions.
- 5. For payment through online mode, AMC may match payer account details with registered Pay-in-bank accounts of the investor

All the above-mentioned documents, to the extent applicable, are required to be provided with the Application Form.

The above broadly covers the various modes of payment for mutual fund subscriptions. The above list is not a complete list and is only indicative in nature and not exhaustive. Any other method of payment, as introduced by the Mutual Fund, will also be covered under these provisions.

Investors transacting through BSE StAR MF Platform under the electronic order collection system will have to comply with norms / rules as prescribed by Stock Exchange(s).

SAFE MODE FOR WRITING/ DRAWING CHEQUES:

In order to prevent fraudulent practices, it is recommended that the subscription payment instruments such as cheque/ demand draft/ pay order be drawn in the favour of scheme account followed by the name of the sole or 1st joint holder/ his PAN/ folio number.

For e.g. "ABC Scheme A/c Permanent Account Number" or "ABC Scheme A/c First Investor Name" or "ABC Scheme A/c-Folio Number".

Applications incomplete in any respect will be liable to be rejected.

The KYC status will be validated with the records of the Central Agency before allotting units of the scheme of Mirae Asset Mutual Fund, which in turn will not be held responsible and / or liable for rejection of KYC form, if any, by the Central Agency.

Provided further, where it is not possible to verify the KYC compliance status of the investor at the time of allotment of units, the Trustee / AMC shall verify the KYC compliance status of the investor within a reasonable time after the allotment of units. In the event of non-compliance of KYC requirements, the Trustee / AMC reserves the right to freeze the folio of the investor(s) and if necessary and deemed fit affect mandatory redemption of unit holdings of the investors at the applicable NAV, subject to payment of exit load, if any and recovery of unamortized NFO expenses.

*Investors are requested to submit a copy along with the original for verification at the Investor Service Centers of the Fund/KFin Technologies Private Limited., which will be returned across the counter. A Bank Manager's attestation or a Notarized copy will also be accepted.

RISK ASSESSMENT OF CLIENTS

The Clients are classified into three types:

- (1) **High Risk Client:** Such clients are those who invest more than Rs. 10 Crores in all the schemes of the mutual fund put together in one calendar month. Banks, Financial Institutions, listed companies and Government bodies are exempted from the above criteria.

The below mentioned list should also be considered as a Client of Special Category:

- a. Non Resident clients
- b. High net worth clients;
- c. Trust, Charities, NGOs and organizations receiving donations
- d. Companies having close family shareholdings or beneficial ownership
- e. Politically exposed persons (PEP)
- f. Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, close advisors and companies in which such individuals have interest or significant influence)
- g. Companies offering foreign exchange offerings.
- h. Clients in high risk countries (where existence/effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following – Havens/sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent.
- I. Clients with dubious reputation as per public information available etc.

Further, such lists which are issued by United Nations Council or any other world organization notifying any terrorists or black listed individuals are considered to be High Risk Client. The AMC will ensure that such people do not invest in any of the Funds of the AMC. Proper mechanism for scanning their applications are built by the Registrar for ensuring the same.

- (2) **Medium Risk Client:** Such clients are those who invest from Rs. 1 Crore to Rs. 10 Crores in all the schemes of the mutual fund put together in one calendar month.
- (3) **Low Risk Client:** Such clients are those who invest upto Rs.1 Crore in all the schemes of the mutual fund put together in one calendar month

SUSPICIOUS ACTIVITY – PARAMETERS

The staff of FME should be vigilant against money laundering transactions at all times. It forms a very integral part of the AML measures in determining whether a transaction is suspicious or not.

AMFI vide various circulars has set following different parameters and criteria for defining a suspicious transaction. These parameters are followed by MAAMC to identify suspicious transactions:

Sr #	Criteria
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1.	<p>Multiple Accounts:</p> <ul style="list-style-type: none"> a. Large number of folios (20 or more) regardless of his/her status as a 1st/2nd/3rd unitholder, having same address (address line 1), where DDs have been used for investing 5 or more times in a rolling period of 1 year and. b. More than 5 different banks have been used for Investments and threshold amount of non-sip investments being Rs.20 Lakhs for Individual c. More than 10 different banks have been used for Investments and threshold amount of non-sip investments being Rs.40 Lakhs for Non Individual.
2	<p>Activity in accounts - Unusual activity compared to past transactions:</p> <p><i>One single subscription transaction is twenty or more times greater than the average of all PRIOR subscription transactions by one investor, within his life-time as investor or during the last one year, whichever is lesser - excluding systematic transactions). The threshold is an amount of Rs. 10 lac and above for such a single transaction.</i></p>
3.	<p>Use of different Bank Accounts For Individuals/Corporates.</p> <ul style="list-style-type: none"> a. Individual investing via more than five bank accounts within his / her life-time as investor or the last one year whichever is lesser and threshold of such investments is an amount of Rs.20 Laks and above b. Non Individual investors investing in any scheme via more than ten bank accounts within its lifetime as investor or the last one year whichever is lesser and threshold of such investments is an amount of Rs.40 Laks and above
4	<p>Non-Financial Activity in Accounts.</p> <ul style="list-style-type: none"> (a) More than 3 change of bank mandate is executed by individual investors including HUFs (b) More than 5 change of bank mandate is executed by a non-individual. (c) Changes to address are executed by any investor (individual and non-individual) involving more than three different addresses (d) where KYC has failed 2 times or more and has not been regularized over a rolling period of 3 months
5	<p>Nature of transactions - Source of fund is doubtful:</p> <ul style="list-style-type: none"> (a) Rs. 20 lac or more for an individual / HUF during his / her / its lifetime or during the last one year (whichever is lesser) (b) Rs. 40 lac or more for a non individual during its lifetime or during the last one year (whichever is lesser) (c) For (a) and (b) above, investments covered are those from a bank account / source other than the registered bank mandate of the investor (including all past bank mandates registered), as per RTA records
6.	<p>Large sums being transferred from overseas</p> <p><i>Large sums being transferred from overseas for making payments towards investments of value >= Rs. 25 lac by a Non Resident Indian vide a payment mode which is other than a NRE / NRO / FCNR account.</i></p>
7.	<p>Short Period Redemptions</p>

	<p>(a) Two opposite transactions in a folio within a scheme in a rolling period of 14 calendar days where the amount of at least one of the transactions is minimum Rs. 25 lac. for Individual Purchases, redemptions and switches are to be considered.</p> <p>(b) Two opposite transactions in a folio within a scheme in a rolling period of 14 calendar days where the amount of at least one of the transactions is minimum Rs. 50 lac. for Non Individual Purchases, redemptions and switches are to be considered</p>
8	<p>Multiple Transactions:</p> <p>(a) 10 or more purchase transactions within a folio for an amount between Rs. 1,75,000 and Rs.1,99,999 in a rolling period of 1 month.</p>
9.	<p>Investment vis-à-vis the declared income as per last available / any revised KYC application form:</p> <p>(a) Single purchase transaction by : Individual - an amount of 10 or more times (of the upper band of annual income) specified by the investor in the KYC form.</p> <p>(b) Non-resident Indian - an amount of 40 or more times (of the upper band of annual income) specified by the investor in the KYC form.</p> <p>(c) Single purchase transaction by a non-individual of an amount of 100 or more times (of the upper band of annual income) specified by the investor in the KYC form.</p> <p>Change in Bank mandate used for debits for SIP Investments: where as investor uses multiple bank accounts to debit for SIP investments i.e more than 3 in a rolling year and the amount of investment exceeds Rs.50,000 in such a period</p>
10	<p>Multiple Joint holders:</p> <p>a. where one investor (identified by PAN) is using the name of 5 or more minors for investments at any point in time</p> <p>b. where one investor (identified by PAN) is investing as a joint holder (2nd or 3rd) with 5 or more different first unit holders(identified by PAN) at any point in time</p>
11	<p>Redemptions processed in KYC Rejected / Invalid Folio's</p>

PROCESS FOR REPORTING OF SUSPICIOUS TRANSACTIONS TO FIU:-

The process to be followed for reporting such transactions to the Financial Intelligence Unit, New Delhi, will be as follows:

1. The Registrar & Transfer Agent (RTA) i.e., presently KFin Technologies Private Limited will send alerts and reports according to the above set AMFI criteria and parameters to MAMF at the end of every month.
2. MAMF has designated certain personnel comprising of the following employees : 1) Principal Officer (PO) – Anti- Money Laundering; 2) Investor Relations Officer; 3) One official from Retail/Institutional Sales;

Role of the designated personnel(s) - The designated personnel will meet on monthly basis within 5 days of the reports sent by RTA after procuring all the supporting documents/information and after proper due diligence decide whether the transactions are suspicious in nature and whether it needs to be reported to FIU or not and if not to be reported then sufficient reasons for closure of such case.

3. The designated personnel(s) will follow a detailed guideline for each case to decide the conclusion of the case and prepare a monthly report for the same. The detailed process / guideline is mentioned hereunder:

(VII) MONITORING AND REPORTING OF SUSPICIOUS TRANSACTIONS TO THE FINANCIAL INTELLIGENCE UNIT (FIU)

For analyzing the above alerts, we broadly follow combination of some of the below laid checklist:

- 1) Check from Distributor / Branches whether the investor is known to them.
- 2) If the applicants are Non-individuals, check from their constitutional documents whether all have same registered office addresses.
- 3) Check whether all the applicants are related or not. This check can be done by checking the same from the applicants.
- 4) Check whether the address mentioned is of a broker / distributor/investor. Check whether the investor is a PMS client.
- 5) Check the history of all the transactions of the applicants whether they have been investing earlier by the same address.
- 6) Check the name of the investor in the World-Check database, media reports and other relevant information, as available on internet.
- 7) Verify the “Category or Occupation” of the investor which he falls into.
- 8) Check the “Financial status” of the investor, Income Levels of the investor from the KYC Registration Form.
- 9) Check whether the proof of address given is a lease / rent agreement.
- 10) Check whether the investor is in employment where he has been transferred from one place to another.
- 11) Check whether the investor is changing his address within the same city or outside the city or state.
- 12) Check Whether the payment made from overseas is from the list of high risk countries.
- 13) Check for the updates regarding amendments made to UNSC Sanctions list as received from Ministry of External Affairs, which are also available on SEBI Website under Head Media in a separate tab UNSC Sanctions Committee List.

Based on the above guiding points, the Principal Officer and the team of STR decides as to whether the transaction is to be reported to the FIU or not.

Note:

- (a) A relative may be defined as parents, spouse, children, brothers and sisters.
- (b) No nil reporting needs to be made to FIU-IND in case there are no suspicious transactions to be reported.

Format for reporting to FIU

The updated format/forms for reporting to FIU can be downloaded from the website - <https://fiuindia.gov.in>. The digitally signed STRs have to be updated to FIU-IND through the **FINnet Gateway**

Tipping off

However, while reporting of suspicious activity to the PO, extreme care should be taken from preventing clients from warning that MAMF has filed the Suspicious Transaction Report (STR) against him. The disclosure of the fact to the client that a STR is being filed against him is called “Tipping off”. “Tipping off” is discouraged for the

reason being that if a disclosure is likely to prejudice an investigation, it will be letting the client know that the authorities are interested in him after which he has time to destroy the evidence.

[VIII] STAFF TRAINING AND DISTRIBUTOR / INVESTOR AWARENESS

For ensuring proper discharge of legal obligations and to report suspicious transactions to the authorities, FME appoints a money laundering reporting officer known as the Principal Officer

All the managers and staff of FMR are to be trained to be aware of the policies and procedures relating to prevention of money laundering, provisions of the PMLA and the need to monitor all transactions to ensure that no suspicious activity is being undertaken under the guise of money changing. Some key areas to be covered are:

- The steps to be taken when the staff come across any suspicious transactions:
 - (i) investigating about the source of funds;
 - (ii) checking the identification documents carefully,
 - (iii) reporting immediately to the PO, etc.,

- The PO shall ensure that:
 - (i) ongoing training programme for consistent implementation of the AML measures are organised.
 - (ii) a regular channel of communication with staff through periodic newsletter, circulars etc.
 - (iii) review applicable money laundering laws and recent trends in money laundering activity as well as the policies and procedures to combat money laundering, including how to recognize and report suspicious transactions

The training module/session will include topics like Importance of AML & KYC measures-Know Your Client/Employee concept, Account opening procedures, verification of identity, proper introduction, Maintenance of client profile and updation/maintenance of records/suspicious activities, Role of PO, Reporting procedure etc.

FME will also provide awareness to its Distributors by way of sending regular updates on the latest developments pertaining to the KYC and AML regulatory compliances so that they can ultimately educate the investors. MAMF will also seek various information and documents from the investors and will send regular updates regarding the KYC and AML measures so as to make them aware throughout the investor relationship.

[IX] MAINTENANCE OF RECORDS

The following documents should be preserved for a minimum period of ten years. The documents will be maintained either by MAMF or the Registrar and Transfer Agent i.e., presently, KFin Technologies Private Limited or any agents as appointed by FME from time to time.

- Records including identification obtained in respect of all transactions.
- Statements / Registers prescribed by SEBI from time to time.
- All Inspection / Audit / Concurrent Audit Reports.
- Annual reports of the PO submitted to the Top Management
- Details of all suspicious transactions reported in writing or otherwise to the PO.

The records shall be maintained as such that it should permit reconstruction of individual transactions and reconstructing a financial profile of the suspect account. To enable this reconstruction, MAMF shall retain the following information for the accounts of the clients in order to maintain a satisfactory audit trail:

- (a) the beneficial owner of the account;
- (b) the volume of the funds flowing through the account; and
- (c) for selected transactions:

- the origin of the funds;
- the form in which the funds were offered or withdrawn, e.g. online transfer, cheques, etc.;
- the identity of the person undertaking the transaction
- the destination of the funds
- the form of instruction and authority
- Application forms and Transaction Form
- KYC documents and any change in KYC details
- Statement of Accounts

Updation of KYC documents from Channel Partners:

In terms of SEBI circular dated August 12, 2010 pertaining to updation of investor related documents:

- All new folios/ accounts shall be opened only after ensuring that all investor related documents including account opening documents, PAN, KYC, PoA (if applicable), specimen signature are available with AMCs/RTAs and not just with the distributor.
- For existing folios, AMCs shall be responsible for updation of the investor related documents including account opening documents, PAN, KYC, PoA (if applicable), specimen signature by November 15, 2010. The AMC shall ensure that if an investor approaches for fresh investment, he should be KYC compliant in terms of prevalent guidelines.

[X] VIOLATION OF THE POLICY

If MAAMC finds that any staff member has not complied with the policy or that the Principal Officer has not reported in the manner and the time limit prescribed by SEBI or any employee is found guilty of “tipping-off” the client, the management may take appropriate action against such person.