

Circular No.: NDML/POLICY/2023-0008-B

August 31, 2023

Sub: KRA Circular for KYC verification / validation of Individual (RI / NRI / FN) KYC records w.e.f. September 1, 2023

This is with reference to the SEBI circular Ref No. SEBI/HO/MIRSD/FATF/P/CIR/2023/0144 Dated August 11, 2023 on Simplification of KYC process and rationalisation of Risk Management Framework at KYC (Know Your Client) Registration Agencies (KRAs).

SRIs are requested to kindly take note of the following and ensure smooth implementation.

1. As per the said SEBI Circular, the investor shall be allowed to open the account and transact in securities market as soon as the KYC process (shall mean obtaining the proof of identity (Pol) and proof of address (PoA) of the investor) is completed.
2. The SRI will upload the data, images and XML document (where applicable) in KRA system upon completion of KYC. In order to ensure smooth and errorfree validation at KRA end within applicable processing time of 2 working days, SRIs are requested to ensure that Pol, PoA, KYC Forms are in order and Investor's PAN, Name, Address, Email, Mobile are validated before lodging with KRA.
3. If the investor's KYC record is already available in KRA system, the SRI may fetch the same from KRA and use the same for performing KYC. In such case, no modification request may be submitted to KRA. Modification requests where no changes are found are liable to be rejected.
4. If the investor requests for certain modifications, modification request may be collected, processed and uploaded to the KRA system for validation of modified details.
5. KRA will initiate the validation after receipt of data, images and XML document (where applicable) in KRA system and will validate the same within 2 working days.

6. In case of requests where images and XML document (where applicable) are not received by the KRA within 2 working days after upload of KYC data by the SRI, the request would be rejected by the KRA.
7. KRAs will verify the KYC details as per the existing process being followed by the KRAs and following attributes will be validated as per the said Circular:
 - a. PAN (including PAN Aadhaar linkage, as referred to in rule 114 AAA of the Income-tax Rules, 1962)
 - b. Name
 - c. Address
 - d. Mobile number and Email Id.
8. Investor's in whose case, attributes of records as mentioned above cannot be verified, KRA will update the status as "On Hold" for fresh KYCs and "Rejected" for Modifications. SRI who had uploaded registration / modification request shall not allow such investor to transact further in securities market as per the SEBI Circular.
9. In case of KYC records where modification request is lodged and the same does not get validated / verified, the primary status of KYC record will remain applicable for existing SRIs mapped to the investor.
10. In cases where the SRI is activating the investor account and enabling the investor to perform transactions before validation at KRA, the SRI are required to use the Query API or reports facility to check the updated status of KYC processing and take necessary action as needed.
11. The records of those investors in respect of which all attributes mentioned at Point 7 above are verified by KRAs with official databases and validated successfully, KYC status of such records will be updated as "KYC Validated". In other cases, where the KRA can perform PoI/PoA document verification but cannot validate from official database, the KYC status of such records will be updated as "KYC Registered".

12. For existing investors mapped with SRIs in KRA system as on August 31, 2023, the KYC record in KRA system in Registered or Validated status will continue to be allowed transactions by the SRI as per SEBI Circular. During the period September 2023 to November 2023, KRAs will validate the Email / Mobile of KYC Registered investors and if it could not be validated / verified in some cases, such KYC records will be moved to “On Hold” status w.e.f. December 1, 2023 and will not be allowed to transact by the SRI as per SEBI Circular.

SRIs are requested to advise their investors in this regard so as to smoothly complete Email / Mobile verification. Further, if any of these cases require updation in Email / Mobile, Intermediaries are requested to submit the KYC modification request.

13. New investor onboarding by SRIs where KYC record available in KRA:
 - a. **KYC records in “KYC Validated” status:** To be used by the SRI by fetching the same from KRA without requiring re-KYC unless the investor wishes to modify some details.
 - b. **KYC records in “KYC Registered” status:**
 - I. **Till November 30, 2023** - SRI will fetch the KYC record from the KRA and the same can be used for investor onboarding and modification request to be taken if there is any change in investor’s KYC details and lodged with KRA.
 - II. **From December 1, 2023** - if the KYC status of the investor being onboarded is “**KYC Registered**” such record cannot be used for new investor onboarding and SRI need to perform KYC and submit modification request to the KRA for validation. Modification request (data, images and XML document (where applicable)) needs to be lodged in such cases irrespective of whether there are changes or no changes in investor’s KYC details / mode of KYC etc. If such modification request does not get Registered / Validated by KRA, the SRI shall not allow the investor to transact further in securities market as per the SEBI Circular dated August 11, 2023.

14. For all new / modification KYC records of individuals w.e.f. 01-Sep-23, KRAs shall verify / validate the same.

In case of any assistance, please contact NDML KRA helpdesk on 022 – 4914 2600/01/02/04/05/06 or send email on info.kra@nsdl.com

**For and on behalf of NSDL Database Management Limited
sd/-**

**Vijay Gupta
Senior Vice President**