

**KYC Registration Agency**
Circular**Circular No.: NDML/POLICY/2023-0011****December 22, 2023****Sub.:- SEBI Master Circular on Know Your Client (KYC) norms**

SEBI has issued master circular on KYC norms vide ref. no. SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169 dated October 12, 2023 available on link <https://www.sebi.gov.in/legal/master-circulars/oct-2023/master-circular-on-know-your-client-kyc-norms-for-the-securities-market-77945.html>. All SEBI Registered Intermediaries (SRIs) are requested to ensure implementation of the same. Few specific points for implementation of the said SEBI circular from KRA perspective are provided below:

A) Point no 5 of SEBI Master circular:- The account opening form (AOF) for client shall be divided into two parts, Part I of the AOF shall be the KYC form which shall capture the basic details about the client. For this purpose, all registered intermediaries shall use the KYC templates provided by Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) for individuals and for legal entities for capturing the KYC information. The CKYCR templates - Individual and Legal Entity provided by CERSAI is available at <https://www.ckycindia.in/ckyc/?r=download>

Clarification:- The KYC Form and data being uploaded to KRA must also contain IPV / VIPV (In-Person Verification / Video In-Person Verification) details as applicable. This is clarified as In-Person Verification (IPV) details don't form part of C-KYCR application form.

B) Point no 8 of SEBI Master circular: The registered intermediaries shall verify the PAN of their clients online at the Income Tax website without insisting on the original or copy of PAN card.

Clarification: For Fresh KYC Registration (New to KRA investors), PAN copy is not required to be provided / uploaded to KRA by SRIs however SRIs are required to ensure online validation from Income Tax Department and maintain audit records of such verification.

For KYC modifications, PAN (scanned copy) with Original seen and verified (OSV) done by SRI official or PAN fetched from Digi locker (Digitally signed by Digilocker) is to be **mandatorily uploaded/provided to KRA** by SRIs where the modification is there in **name of KYC holder** and / or **Date of birth (DOB) of KYC holder**.

For changes in KYC attributes other than Name of KYC holder and DOB, PAN copy is not required to be provided / uploaded to KRA by SRIs.

C) Point no 31 of SEBI Master circular:- Requirement of documents for non-individuals (Legal Entities)

Clarification :- SRIs are requested to submit documents as per Point No. 31 for non-individuals (Legal Entities) as per SEBI Master Circular for KYC registrations as well as for KYC modifications to be done for non-individuals (Legal Entities)

D) Point no 84 of SEBI Master circular: After doing the initial KYC of the new clients, the intermediary shall forthwith upload the KYC information on the system of the KRA within 3 working days from the date of completion of KYC process.

Comment: Period for upload of KYC data , documents , source XML files to the KRA is reduced from 10 working days to 3 working days.

E) Point no 99, Point no 100 & 101 of SEBI Master circular: Clients in whose case, attributes of records as mentioned in point numbers 96/97 cannot be verified, shall not be allowed to transact further in securities market until the attributes are verified.

The records of those clients in respect of which all attributes mentioned in point numbers 96 / 97 are verified by KRAs with official databases (such as Income Tax Department database on PAN, Aadhaar XML/Digilocker/ M-Aadhaar) shall be considered as Validated Records.

The validated records shall be allowed portability i.e. the client need not undergo the KYC process again when the client approaches different intermediary in securities market and the intermediary shall fetch the validated records from the KRA database.

Clarification:-

- i. KRAs would verify PAN (including PAN Aadhaar linkage), Name, Address with official database / source and email id / mobile number using OTP / delivery. Records which are verified as per this mechanism would be updated as '**KYC Validated**'.

KYCs, where Name, Address attributes cannot be verified with official databases and where PAN and Email / Mobile verification is completed would be updated as '**KYC Registered**'.

Further, **with effect from January 01, 2024**, for fresh registration of KYCs where the investor submits Aadhaar scanned copy as OVD, the QR code must be valid and readable to enable Aadhaar validation with official database / source. KYC records where the QR code is not readable would be updated as '**KYC Registered**'

- ii. For KYC records which are in KYC Registered status as on Dec 31, 2023 will not be considered as portable for re-usage, however all the SRIs which are already linked with such KYC records as on Dec 31, 2023 will not have any impact on providing market/transactional access to such KYC holders.
- iii. In cases where the primary status of KYC record (registration status) is "**KYC Registered**", the SRI while onboarding such KYC holder needs to mandatorily collect the KYC details with POI and POA documents and upload a KYC modification request with duly signed KYC application form, Proof of Identity and Proof of address, digitally signed source XML files in case of e-KYC, as applicable.
- iv. Whenever such modifications are filed by a SRI as above, it would need to consider the validation status ("**KYC Validated / KYC Registered**") of such modification request for providing market/transactional access to such KYC holders. However, action/disposal on such new modification request will not have any impact on transactions by the KYC holder at SRIs already linked with the KYC record ie providing services to such KYC holders.
- v. For KYC records where Registration Status is "**KYC Validated**", there is no requirement for SRIs to perform any further KYC while onboarding such investor and the said KYC record can be downloaded from KRA and the data can be used for onboarding of the investor and no modification request needs to be uploaded to KRA where there is no change in to KYC details.

However, if the investor wishes / needs to make any changes / updates to his / her KYC record, the SRI may perform the KYC and upload a KYC Modification request to the KRA for validation.

In case of change in the **key KYC attributes such as Name, DoB, Address, Email ID, Mobile number** of the investor, the modification request needs to be uploaded by SRI to KRA alongwith duly filled & signed KYC application form (e-Signed or ink-signed), Proof of Identity and Proof of address, digitally signed source XML files in case of e-KYC as applicable.

For changes/modifications in other KYC attributes apart from the above, only duly filled & signed KYC application form (e-Signed or ink-signed) needs to be uploaded.

- vi. The primary status of KYC record (registration status) will continue to be applicable for all SRIs who are linked to such KYC record ie. providing services to such KYC holders. This status (registration status) alone shall be communicated by the KRAs to Exchanges and Depositories (collectively called as Market Infrastructure Intermediaries) for PAN based KYC data sync between KRAs and MIIs based on which MIIs would either provide or limit market/transactional access to such KYC holders.

F) Point no 104 of SEBI Master circular: The records of all existing clients whose KYC has been completed based on OVDs other than Aadhaar, shall be verified by December 31, 2023

Clarification :- KRA will perform the verification as per directions in SEBI circular, however for KYC records which cannot be verified, the status of such KYC record will be marked as **“On hold”** w.e.f. January 1, 2024 and such PANs will also be informed to MIIs. The list of such records which may be put **“On hold”** is being regularly shared among KRAs & with SRIs & MF RTAs for facilitating investors to provide updation in KYC records, where necessary.

In case of any assistance, please write to info.kra@nsdl.com or call us on 022 – 4914 2600/2601/2602/2604/2605/2606.

For and on behalf of NSDL Database Management Limited

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Vijay Gupta
Senior Vice President