

NSDL Database Management Ltd.

KYC Registration Agency

Circular



Circular No.: NDML/POLICY/2024-0006

May 22, 2024

Sub: Review of validation of KYC records under Risk Management Framework

Attention of all SEBI Registered Intermediaries (SRIs) is drawn to SEBI circular ref no SEBI/HO/MIRSD/SECFATF/P/CIR/2024/41 dated May 14, 2024, FAQs issued by SEBI on May 14, 2024 and directions from SEBI on this subject.

SRIs are requested to take note of table below with regard to changes in KYC validation and verification process at KRAs w.e.f. June 01, 2024 as per directions from SEBI.

Sr no.	Attributes for Validation / Verification by KRAs	Result of validation at KRAs	Status of KYC record in KRA system	Remarks
A	<p>i) PAN is Existing and Valid.</p> <p>ii) Name and DOB in KYC data matches with ITD records</p> <p>iii) Name and Address in KYC data matches with source XML file or details extracted post scanning of QR code on e-AADHAAR, m-AADHAAR or scanned copy of AADHAAR card as uploaded/provided alongwith the KYC record by SEBI registered Intermediary (SRI)</p> <p>iv) Both email and mobile as uploaded by SRI in KYC record is validated through delivery of email/sms or through OTP.</p> <p>v) PAN AADHAAR linkage response from ITD is any of Yes or PAN is Operative for Resident Indian category of Investors and is Not applicable and PAN is Operative for NRI, Foreign National category of investors, persons of age 80 years and above and PAN holders from state of Assam, Meghalaya and Jammu and Kashmir.</p>	<p>All 5 points (A-i to A-v) are validated by KRAs</p> <p>(There is no change in this process currently followed by KRAs and will be continued on as is basis)</p>	KYC Validated	As per FAQs issued by SEBI, Mobile is mandatory to be uploaded in KRA system for KYC records where online KYC is done by SEBI Registered Intermediaries (SRIs)

Sr no.	Attributes for Validation / Verification by KRAs	Result of validation at KRAs	Status of KYC record in KRA system	Remarks
B		<p>Points A-i, Aii are validated by KRAs.</p> <p>Source Validation of KYC as in point no A-iii cannot be performed by KRAs/ is not possible.</p> <p>With regard to point (A-iv) Either email or mobile get validated by KRAs</p> <p>A-v- PAN and Aadhar not linked /PAN is not operative as per response received from ITD by KRAs</p>	KYC Registered	
C		<p>Points A-i,A-ii,A-iii are validated by KRAs and A-v (PAN may be operative/inoperative) However, neither email nor mobile gets validated by KRAs (Point no A-iv)</p>	On Hold	

SRIs are requested to note below wrt existing KYC records to be updated by KRAs by May 31, 2024.

1. Status of all records put on hold due to non-validation of email, mobile or both at KRAs will be checked and KYC records where either mobile is validated but email isn't and where email is validated but mobile isn't will be changed from **On Hold** status to **KYC Registered status** irrespective of any KYC type and any OVD (including deemed OVD) for all individual category of investors.

2. In case of KYC records where only email is uploaded or only mobile is uploaded and these aren't validated will continue to be retained in **On hold** status.
3. Status of all records put on hold due to PAN Aadhaar linkage non-compliance will be changed from **On Hold** status to **KYC Registered** status irrespective of any KYC type and any OVD (including deemed OVD) for all individual category of investors.
4. The KYC status changes in existing KYC records will be intimated by KRAs to all Stock Exchanges and both Depositories.

Further, SRIs may note that KYC records uploaded and to be uploaded under category Non-Resident Indian (NRI) and in **KYC Registered** status will be allowed to transact with their existing SRIs and will also be allowed to transact with new SRIs till April 30, 2025.

For and on behalf of NSDL Database Management Limited

S/d

Vijay Gupta
Senior Vice President