

## KYC POLICY

### I. INTRODUCTION - WHAT IS KYC?

"Know your Customer" (hereinafter as "KYC") is a term used for customer identification process. It involves making reasonable efforts to determine, the true identity and beneficial ownership of accounts, source of funds, the nature of customer's business, reasonableness of operations in the account in relation to the customer's business, etc. which in turn helps the obligated entities to manage their risks prudently.

The objective of this Know Your Customer Policy (hereinafter as "KYC Policy") is to prevent mostly financial entities being used, intentionally or unintentionally by criminal elements for money laundering.

In accordance with international Regulation and EU law, institutions obligated by applicable law are required to formulate a KYC Policy with the approval of their respective boards and in compliance with applicable law. The KYC Policy consists of the following four key elements.

- a. Customer Acceptance Policy;
- b. Customer Identification Procedures;
- c. Monitoring of Transactions.
- d. Risk Management.

Defined terms used but not defined herein shall have the respective meanings given to them in the AML Policy available at [https://1cft.com/wp-content/uploads/2024/10/2024-10-03-AML\\_Policy\\_prop-trading.pdf](https://1cft.com/wp-content/uploads/2024/10/2024-10-03-AML_Policy_prop-trading.pdf).

### II. WHO IS A CUSTOMER?

For the purpose of this KYC Policy a "customer" may be defined as:

- a. A person or entity that maintains an account and/or has a business relationship with the Company;
- b. One on whose behalf the account is maintained (i.e. the beneficial owner);
- c. Beneficiaries of transactions conducted by professional intermediaries permitted under the law, and;

- d. Any person or entity connected with a financial transaction which can pose significant reputational or other risks to the Company, say a wire transfer or issue of high value demand draft as a single transaction.

### **III. WHAT IS A CUSTOMER ACCEPTANCE?**

Customer acceptance refers to the rules followed by Company in allowing customers to open accounts on Company's website and use the Company's services. Generally, no accounts neither any access shall be given in anonymous or fictitious names or when the identity of the customer matches with any person with known criminal background or banned entities. Similarly account or/and access to services should not be given when the Company is unable to verify the identity and/or obtain documents required as per the Company's policy.

### **IV. WHAT IS THE CUSTOMER IDENTIFICATION PROCEDURE?**

Customer identification means identifying the customer and verifying his/her identity through reliable and independent documents, data and information. Company would need to satisfy to the competent authorities that due diligence was observed in accordance with the requirements of existing laws and regulations.

### **V. WHAT ARE THE FEATURES TO BE VERIFIED AND DOCUMENTS REQUIRED TO BE OBTAINED FROM CUSTOMERS?**

The features to be verified and documents that may be obtained vary depending upon the type of customers. The same are furnished below:

- a. Information required from individuals:

Legal name and any other names used, confirmed by

- i. Passport
- ii. Driving License
- iii. Identity Card
- iv. Letter from a recognized public authority or public servant verifying the identity and residence of the customer.

Correct permanent address, confirmed by

- i. Telephone bill (not older than 3 months)
  - ii. Bank account statement
  - iii. Letter from any recognized public authority
  - iv. Electricity bill (not older than 3 months)
- b. Information required from Companies
- i. Name of the Company
  - ii. Principal place of business
  - iii. Mailing address of the company
  - iv. Telephone/Fax Number
  - v. Certificate of incorporation and Memorandum & Articles of Association.
  - vi. Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account.
  - vii. Power of Attorney granted to its managers, officers or employees to transact business on its behalf;
  - viii. Any officially valid document establishing the proof of existence and proof of address of the entity
  - ix. Certificate of Commencement of Business.
- c. Information required from Partnership firms
- i. Legal name
  - ii. Address
  - iii. Names of all partners and their addresses
  - iv. Telephone numbers of the firm and partners
  - v. Registration certificate, if registered.
  - vi. Partnership deed
  - vii. Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf
  - viii. Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses
  - ix. Proof of existence & proof of address of the firm.

## **VI. WHEN DOES KYC APPLY?**

KYC will be carried out for the following but is not limited to:

- a. Opening a new account or giving access to the services of Company;
- b. Opening a subsequent account or giving access to the services of Company where documents as per current KYC standards not submitted while opening the initial account/access.
- c. When the Company feels it is necessary to obtain additional information from existing customers based on the conduct of the account.
- d. After periodic intervals based on instructions received from competent authority.
- e. When there are changes to signatories, mandate holders, beneficial owners, etc.