

PRECAUTIONS ON KYC COMPLIANCE

As per SEBI Circular dated 03.07.2007 Intermediaries (Stock Brokers and Depository Participants) are required to put in place suitable internal control systems to ensure that all branches are exercising due diligence in Opening Accounts, Complying with KYC Requirements, ensuring systems safety in complying with Client Instructions, Verifying Signatures and Maintaining Client Records, etc.

Stock Exchanges and Depositories in consultation with SEBI have mandated that the following 6-KYC attributes shall be made mandatory for any financial transactions effective 01.09.2021, as mentioned below:

| Sr. No. | Attribute(s) | Remarks | | |
|--|--|--|--|--|
| 1 | Name | The Name should match with the name printed on PAN Card | | |
| 2 | Address | A Valid Address Proof as per the documents mandated in SEBI Circular | | |
| 3 | PAN | In case PAN is not seeded with AADHAAR before the date specified by the Government, it will not be considered as a valid PAN. The last Date for seeding has been fixed as 30.09.2021 | | |
| 4 | Valid Mobile Number | Separate Mobile Number and Email Address are required for each and every Account Holder. Upon written declaration common Mobile Number and Email Address can be shared for Family, where Family for this purpose has been defined as self, spouse, dependent parents and Dependent Children (below 18 years). | | |
| 5 | Valid Email-Id | In case SMIFS has the Mobile Number and Email Address of the client in its Back Office, or Trading Account or in the Bank Account provided by the client and account is KYC complied in such Trading Account / Bank Account, SMIFS may update the details in the Demat Account and intimate the client about the updation by sending the Client Master Report along with an intimation to complete the validation process. | | |
| 6 | Income range | <table border="0"> <tr> <td> Individuals - Below Rs. 1 lac - Rs. 1 lac to Rs. 5 lacs - Rs. 5 lac to Rs. 10 lac - Rs. 10 lacs to Rs. 25 lacs - More than Rs. 25 lacs </td> <td> Non-Individuals - Below Rs. 20 lacs - Rs. 20 lacs to Rs. 50 lacs - Rs. 50 lacs to Rs. 1 crore - More than Rs. 1 crore </td> </tr> </table> | Individuals - Below Rs. 1 lac - Rs. 1 lac to Rs. 5 lacs - Rs. 5 lac to Rs. 10 lac - Rs. 10 lacs to Rs. 25 lacs - More than Rs. 25 lacs | Non-Individuals - Below Rs. 20 lacs - Rs. 20 lacs to Rs. 50 lacs - Rs. 50 lacs to Rs. 1 crore - More than Rs. 1 crore |
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SEBI has advised Stock Exchanges and Depositories to instruct their Trading Member and Participants to ensure adequate due diligence while on-boarding of clients and conducting of KYC

FREEZE INITIATED BY DEPOSITORY WHERE NON-COMPLIANCE IN KYC IS FOUND.

As per the Depository Operating Instructions (updated for June-2021), if NSDL/CDSL observes deficiency in KYC documents of any Client of SMIFS, NSDL/CDSL will instruct SMIFS to FREEZE the Client Account for debits after following the procedure mentioned below:

- On receipt of instruction from NSDL/CDSL, SMIFS shall send letter to the Client informing about deficiencies in KYC documents and advise the Client to submit rectified documents within 30 days. The Client shall be informed that the demat account will be frozen for debit if such rectified documents are not received by SMIFS within 30 days.
- In addition to the letter, SMIFS shall also send an email to the Client at the registered Email Id. (if the same is available). SMIFS shall also take efforts to contact the Client through phone to inform the Client regarding KYC deficiencies.
- If SMIFS does not receive the rectified documents within a period of 30 days, it shall initiate FREEZE in NSDL/CDSL system under the Reason Code - KYC deficiency reported by NSDL/CDSL and inform the action taken to NSDL/CDSL.
- SMIFS shall send the acknowledgement copy of freeze to the Client. A SMS will be sent by NSDL/CDSL to the BO on the registered mobile no. as recorded in the demat account intimating regarding the FREEZE. Clients and Sales Officers are advised to take note of the above and strictly comply with KYC Compliance Measures to enjoy seamless Trading Activities and avoid unpleasant actions from the Stock Exchange and Depositories.

Team Compliance
SMIFS LIMITED