

FAQs



CKYC Registry: Uploading of KYC data

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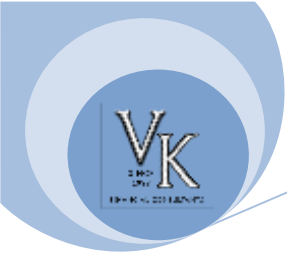
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CKYC Registry: Uploading of KYC data

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The Ministry of Finance vide its notification no. G.S.R. 544(E) dated July 7, 2015 issued the Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2015¹ (hereinafter referred to as “Amendment Rules 2015”). The Amendment Rules 2015 provides for an insertion of new definition “Central KYC Records Registry” as follows:

*2 (1) (aa) “Central KYC Records Registry” means a reporting entity, **substantially owned and controlled by the Central Government**, and authorised by that Government through a notification in the Official Gazette to receive, store, safeguard and retrieve the KYC records in digital form of a client as referred to in clause (ha) in such manner and to perform such other functions as may be required under these rules.*

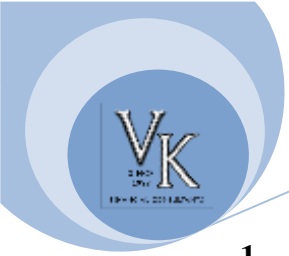
Central KYC Registry is a centralized repository of KYC records of customers in the financial sector with uniform KYC norms and inter-usability of the KYC records across the sector with an objective to reduce the burden of producing KYC documents and getting those verified every time when the customer creates a new relationship with a financial entity.

Presently, the customer has to provide KYC documents separately to every financial institution, sometimes even within the same bank for various products like savings bank accounts and mutual fund products. For the individual customer, the CKYC system would be very handy as once it is registered along with the requisite KYC documents specified by the Prevention of Money Laundering Act like the Aadhar card, passport, driving licence, election card etc., an identifier will be issued which can be quoted whenever any new account is opened.

On the implementation of the CKYCR Portal, the KYC (know your customers) records received and stored by the CKYCR could be retrieved online by any registered reporting entity across the financial sector.

Some of the primary questions that might arise, have been answered below for the easy reference of the readers:

¹ [http://www.dor.gov.in/sites/upload_files/revenue/files/Prevention%20of%20Money-laundering%20\(Maintenance%20of%20Records\)%20Amendment%20Rules,%202015.pdf](http://www.dor.gov.in/sites/upload_files/revenue/files/Prevention%20of%20Money-laundering%20(Maintenance%20of%20Records)%20Amendment%20Rules,%202015.pdf)



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1. What was the need for establishment of the Central KYC Records Registry (CKYCR)?

The CKYCR has been set up with an objective to reduce the burden of producing KYC documents and getting those verified every time when the customer creates a new relationship with a financial entity.

2. Who has been authorized to act and perform the functions of CKYCR?

The Central Government has authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India ('**CERSAI**') to act and to perform the functions of the Central KYC Records Registry ('**CKYCR**'). Pursuant to which it shall be able to receive, store, safeguard and retrieve the KYC records of a customer in digital form.

3. When did CKYCR become operative?

The 'live run' of CKYCR has started with effect from **July 15, 2016**.

4. Who is a "Customer"?

"Customer" means a client as defined under sub-section (ha) of sub-section 2 of the Prevention of Money Laundering Act, 2002. As per the said definition, 'Client' means a person who is **engaged in a financial transaction or activity** with a reporting entity and includes a person on whose behalf the person who is engaged in the transaction or activity, is acting.

5. Who are required to upload information on CKYCR?

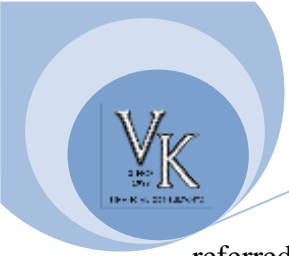
Every **Reporting Entity** is required to file the electronic copy of the client's KYC records with the CKYCR, within three days after the commencement of an account-based relationship with a client.

6. Who is a "Reporting Entity(ies) (RE)"?

As defined in section 2 (xi) (wa) of the Prevention of Money Laundering Act, 2002, 'Reporting Entity' means a banking company, financial institution, intermediary or a person carrying on a designated business or profession.

7. What do we mean by the banking company?

Banking company means a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies and includes **any bank or banking institution**



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referred to in section 51 of that Act. [Section 2 (1) (e) of the Prevention of Money Laundering Act, 2002]

8. What do we mean by a financial institution?

Financial institution means a financial institution as defined in clause (c) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934) and includes a chit fund company, a co-operative bank, a **housing finance institution**, an authorised person, a **payment system operator**, a **non-banking financial company** and the Department of Post in the Government of India. [Section 2 (1) (l) of the Prevention of Money Laundering Act, 2002]

9. Can insurance companies be considered as RE?

Yes, as per the circular issued by the regulatory authority IRDAI, Life Insurers should upload KYC records only in respect of individual policyholders where policies are completed on or after 15th July, 2016. General Insurers (including standalone Health Insurance Companies) should upload KYC records for claims settled in respect of individual policyholders on or after 15th July, 2016. Legal entities would be covered after finalization of KYC templates for legal entities.

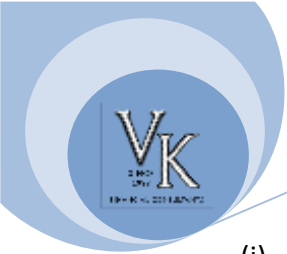
10. What do we mean by an intermediary?

As per Section 2 (1) (n) of the Prevention of Money Laundering Act, 2002, an Intermediary means-

- (i) a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992 (57 of 1992); or
- (ii) an association recognised or registered under the Forward Contracts (Regulations) Act, 1952 or any member of such association; or
- (iii) intermediary registered by the Pension Fund Regulatory and Development Authority; or
- (iv) a recognised stock exchange referred to in clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

11. What do we mean by person carrying on a designated business or profession?

Persons carrying on Designated Business or Profession, as defined in section 2 (1) (sa) of the Prevention of Money Laundering Act, 2002, means:-



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- (i) a person carrying on activities for playing games of chance for cash or kind, and includes such activities associated with casino;
- (ii) a Registrar or Sub-Registrar appointed under Section 6 of the Registration Act, 1908, as may be notified by the Central Government;
- (iii) real estate agent, as may be notified by the Central Government;
- (iv) dealer in precious metals, precious stones and other high value goods, as may be notified by the Central Government;
- (v) person engaged in safekeeping and administration of cash and liquid securities on behalf of other persons, as may be notified by the Central Government; or
- (vi) person carrying on such other activities as the Central Government may, by notification, so designate, from time to time.

12. Does the existing KYC policy require any amendments in line with the guidelines?

The KYP Policy shall need suitable modification to capture the provisions of the CKYCR Guidelines. The Policy needs to state that the RE shall capture the KYC information for sharing with the Central KYC Records Registry in the manner mentioned in the Rules, as required by the revised KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be.

13. How has the process for sharing the KYC information with CKYC Registry been implemented in the first phase?

As per the respective circular issued by various regulatory authorities, namely, RBI, SEBI, IRDAI and NHB the implementation shall be in a phased manner:

- a. Scheduled Commercial Banks (SCBs) may upload the KYC data with CERSAI, in respect of new individual accounts opened on or after July 15, 2016.
- b. Registered intermediaries shall upload the KYC data with CKYCR, in respect of all individual accounts opened on or after August 1, 2016.
- c. Life Insurers should upload KYC records only in respect of individual policy holders where policies are completed on or after 15th July, 2016.
- d. General Insurers (including standalone Health Insurance Companies) should upload KYC records for claims settled in respect of individual policy holders on or after 15th July, 2016.
- e. Housing Finance Companies (HFCs) are advised to upload the KYC data with CERSAI, in respect of new individual accounts opened on or after November 01, 2016.
- f. Legal entities would be covered after finalization of KYC templates for legal entities.

14. The CKYCR guidelines shall apply retrospectively or prospectively?

The KYC guidelines shall apply prospectively, wherein the RE shall upload the KYC Records within three days after the commencement of an account-based relationship with a client.



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Additionally, the KYC direction also requires REs to upload the documents of the existing cases and a plan has to be adopted mentioning the manner and necessary steps that it will take to upload the KYC documents in the online portal with the Central KYC Registry, however, nothing else has been mentioned in this regard. This is, therefore, illustrative, the RE may use its own discretion to implement the same.

15. What is timeline for the KYC record to be uploaded onto the CKYCR?

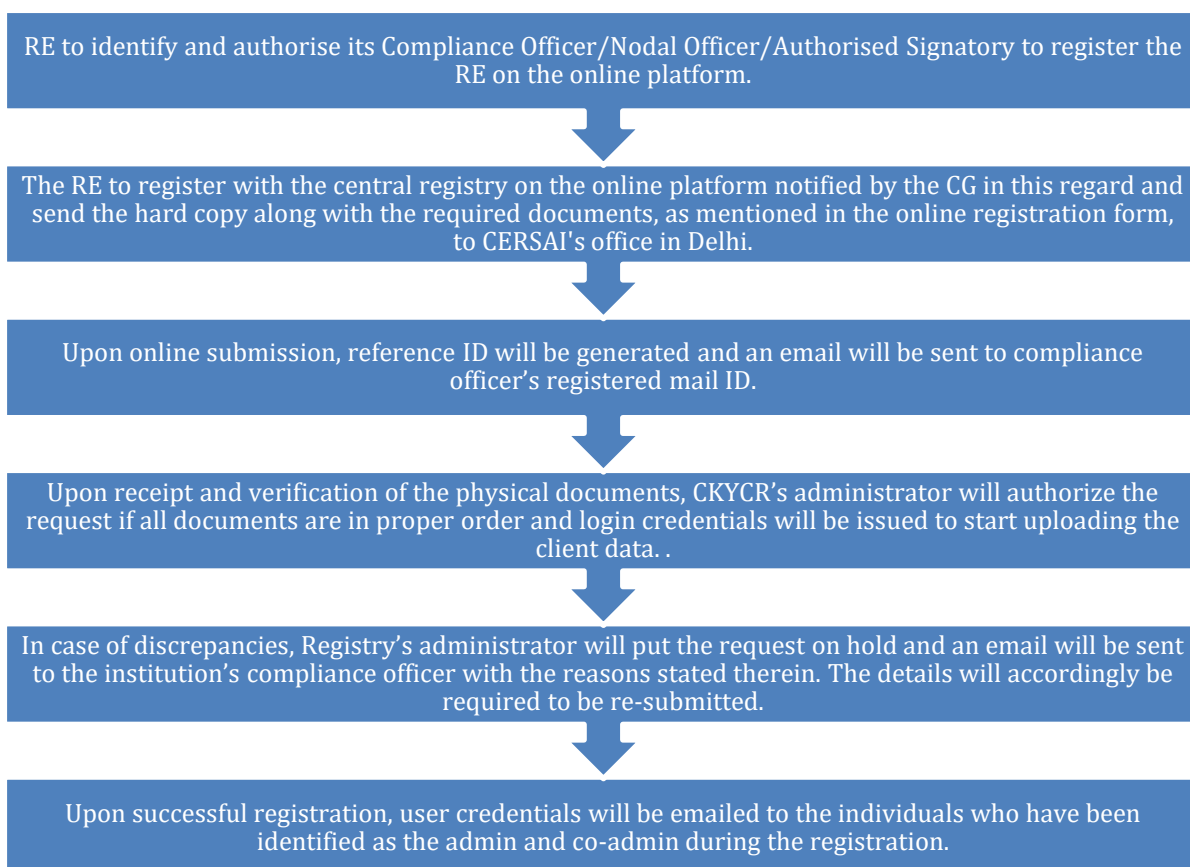
Every reporting entity shall **within three days** after the commencement of an account-based relationship with a client, file the electronic copy of the client's KYC records with the Central KYC Registry.

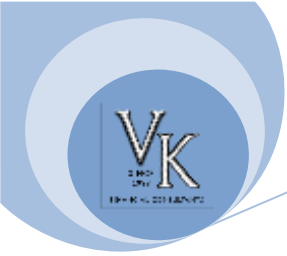
16. How can an RE access the CKYCR portal?

The online Central KYC Registry can be accessed at: <https://www.ckycindia.in>

17. What is the process for an RE to get registered with CKYCR?

The Registration process entails the following steps:





18. What is a KYC identifier?

Information updated about a customer shall be disseminated on request by CKYCR to any RE that avail the services of the CKYCR in respect of the customer. CKYCR shall process the KYC records received from a reporting entity for de-duplication and issue a unique KYC Identifier for each client to the reporting entity.

KYC identifier is a **unique identifier for the customer**, generated by the CKYCR and notified to the reporting entities. A 14 digit unique KYC identifier will be generated for new customer records and notified to the reporting entity. For “Small Accounts” the KYC identifier will additionally have a prefix “S” and for “Simplified Measures Accounts” the KYC identifier will additionally have a prefix “L”.

19. How is the access hierarchy defined for a RE?

The organisation hierarchy and access matrix needs to be defined by the Institution’s admin / co-admin. There are three levels of hierarchy:

INSTITUTE	REGION	BRANCH
Admin	Admin	Admin
User	User	User

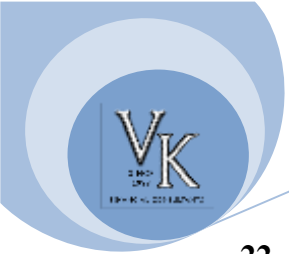
20. What is the concept of ‘maker’ and ‘checker’?

For all activities pertaining to creation/ deactivation of users, KYC records and payments, there is a maker-checker requirement.

A maker can be a ‘User’ as well as an ‘Admin’ across all levels in the user hierarchy. A checker can only be an ‘Admin’. Where an ‘Admin’ is the maker, the checker needs to be another ‘Admin’ at the same level.

21. What do we mean by KYC record?

KYC Record is the data captured as per the common **KYC template** and which the RE shall upload on the Central KYC portal along with the scanned copy of the supporting documents i.e. Proof of Identity (PoI) / Proof of Address (PoA).



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22. Are all REs required to upload KYC record as soon as CKYCR becomes operative?

As per the respective circular issued by various regulatory authorities, namely, RBI, SEBI and IRDAI, the following entities are required to upload the client's KYC records with the CKYCR:

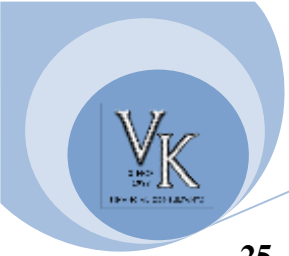
1. All Regulated Entities, which means:
 - a. all Scheduled Commercial Banks (SCBs)/ Regional Rural Banks (RRBs)/ Local Area Banks (LABs)/ All Primary (Urban) Co-operative Banks (UCBs) /State and Central Co-operative Banks (StCBs / CCBs) and any other entity which has been licenced under Section 22 of Banking Regulation Act, 1949, which as a group shall be referred as 'banks'
 - b. All India Financial Institutions (AIFIs)
 - c. All Non-Banking Finance Companies (NBFC)s, Miscellaneous Non-Banking Companies (MNBCs) and Residuary Non-Banking Companies (RNBCs).
 - d. All Payment System Providers (PSPs)/ System Participants (SPs) and Prepaid Payment Instrument Issuers (PPI Issuers)
 - e. All authorised persons (APs) including those who are agents of Money Transfer Service Scheme (MTSS), regulated by the Regulator.
2. All Recognized Stock Exchanges; Stock Brokers through Recognized Stock Exchanges; All recognised Depositories; DPs through Depositories; Association of Mutual Funds in India; Mutual funds through AMFI; Portfolio Managers; KRAs; AIFs; CIS; Custodians; Investment Advisors
3. Life and General Insurers
4. Housing Finance Companies

23. Can an RE other than those mentioned above also participate in the live run?

REs other than SCBs may also participate in the live run of CKYCR from July 15, 2016. Those REs which are not yet ready to join CKYCR process immediately, shall take steps to prepare their systems for uploading the KYC data in respect of new individual accounts so that the same is complete as soon as possible in a time bound manner. REs shall prepare a plan for uploading the data in respect of existing individual accounts and include the same in their KYC Policy.

24. Are all customer account information required to be uploaded on CKYCR?

Reporting Entities shall capture the KYC information for sharing with the CKYCR in the manner mentioned in the PML (Maintenance of Records) Rules, 2005, ('Rules') as required by the revised KYC templates prepared for 'individuals' and 'Legal Entities' as the case may be. At present the KYC template for 'individuals' has been finalised by CERSAI.



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25. What are the documents that are required to be uploaded?

The Central KYC Registry requires data as per the common KYC template to be captured along with the scanned copy of the certified supporting documents (PoI/PoA), cropped signature and photograph.

26. Is the template same across all entities?

There are two different types of templates – One for the accounts of the individuals and the other for the legal entities (non-individual accounts).

27. Can there be bulk upload of records?

RE can upload bulk KYC details and the scanned images.

28. What is the procedure for uploading bulk record?

For uploading bulk record, images for each record will be required to be zipped separately and the master zip file will be digitally signed by the RE. Bulk upload is provided via SFTP. Based on validations, a response file is generated which contains the success records, error records and download records. The response file will be available for download from the Central KYC application.

29. Who shall perform the initial due diligence of the customer?

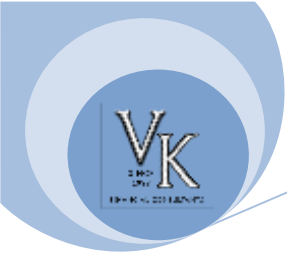
While commencing an account based relationship, RE shall verify the identity of the customer and perform the initial due diligence of the customer.

30. How can an RE access the KYC record of a customer already listed on CKYCR?

Where a customer submits a KYC Identifier to a reporting entity, then such RE shall download the KYC records from the CKYCR by using the KYC Identifier and shall not require a customer to submit the documents again.

31. Suppose there is a change in information of the customer whose KYC records are already listed, what is the required course of action to be taken by the concerned RE?

RE will initiate an update request when there is a change in the information of the customer as existing in the records of CKYCR. Where the customer submits a request for updation of the data in the CKYCR, RE will accordingly initiate the request after duly verifying the supporting documents.



32. What is the procedure to update a KYC record?

The RE will be required to update the details in the following cases:

1. There is a change in the details / information as existing in the KYC records in the linked registry.
2. There is doubt about the adequacy or veracity of previously obtained client identification data.
3. There is a change of the account type (e.g. Minor account to Normal account).

The updated data along with the scanned copy of the supporting document, where required, will be uploaded in the CKYCR. In order to initiate a modification request, the RE will need to be linked with the latest KYC record of the customer.

33. Is there need to update KYC every 6 months as required for financial entities?

While undertaking customer identification, REs shall ensure that in case the address mentioned as per 'proof of address' has undergone a change, fresh proof of address is obtained within a period of six months.

34. Can an RE access information on the portal for free?

No, for availing the services of the CKYCR, the RE needs to make an **advance payment** to CERSAI's account. For every service availed, the requisite amount will be deducted from the advance payment made. If there is insufficient balance available, the RE will not be able to avail the paid services until the balance is replenished.

35. How can payments be made?

To make advance payment, the RE will be required to generate the proforma invoice through the Central KYC application. The RE is required to make an advance payment through NEFT/RTGS in CERSAI's bank account and mention the system generated proforma invoice reference number as the remark.

RE user is required to enter advance payment details like amount paid, TDS, UTR No. and payment date in the Central KYC application. Upon confirmation of the payment receipt from the bank, balance will be updated. In case of the tax deducted at source (TDS), the REs are required to submit a copy of the TDS certificate to the Central KYC Registry. RE will be intimated when the balance goes below the prescribed limit set by them. The RE's user can download / print the usage details till the previous day.



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36. What is the role of an RE in a de-duplication process?

Where a probable match exists for the KYC data uploaded, the record will be flagged for reconciliation by the reporting entity. Central KYC Registry will provide the probable match cases to the reporting entities for reconciliation and resolution. Where the reporting entity confirms the KYC record as an exact match, it will need to download the existing KYC record of the customer.

Where the reporting entity confirms the KYC record as a 'no match' it shall be forwarded for processing and a unique KYC identifier will be generated for the record. The reporting entity will have to resolve the probable matches within 5 working days, beyond which the record will be withdrawn by the Central KYC Registry. However, the same can be uploaded as a new record, if 'no match' is found.

37. How will an RE deal with an account which has multiple communication address?

Central KYC Registry will enable linkage of multiple correspondence addresses.

An individual can fill Annexure-A1 for multiple addresses and submit the details to the reporting entity which in turn will initiate the update request on the Central KYC application.

38. How will the RE become aware if there is any change in the KYC records of a customer?

On updation of a KYC record at the Central KYC Registry, all linked entities (institutions that have either uploaded or downloaded the KYC record for that particular KYC record), will receive an **electronic update notification** of KYC record. The entities can download the last updated record of the customer.

39. How can an RE resolve its grievances pertaining to the functioning of CKYCR?

Central KYC Registry shall provide for the grievances of reporting entities to be redressed in a timely and appropriate manner and ensure records are maintained for such resolution.

40. Are there any reporting requirements for RE?

In case of Life and General Insurers, a monthly statement of the number of records to be uploaded and records actually uploaded shall be sent to aleem@irda.gov.in. First such statement should be sent for August, 2016 by 7th September, 2016.

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