



Review of validation of KYC records by KRAs under Risk Management Framework

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▪ Brief on the Circular

SEBI circular number **SEBI/HO/MIRSD/SECFATF/P/CIR/2023/169** dated **Oct 12, 2023** has specified the Risk Management Framework at KRAs wherein the attributes for verification by KRAs have been mentioned.

Based on the feedback received from the stakeholders in securities market and for ease of transacting by clients, the provisions of the Master Circular dated **October 12, 2023** have been reviewed and it has been decided to simplify the risk management framework.

Based on the above, following clauses of the master circular stand modified:

- **Para 96 shall be read as follows.**

As a part of risk management framework, the KRAs shall verify the following attributes of records of all clients within 2 days of receipt of KYC records.

- a) Permanent Account Number (PAN)
- b) Name
- c) Address

- **Para 100 shall be read as under**

The records of those clients in respect of which all attributes mentioned in para 96 / 97 above are verified by KRAs with official databases (such as Income Tax Department database on PAN, Aadhaar XML / Digi locker / M- Aadhaar) and PAN-Aadhaar linkage has also been verified as referred to in Rule 114 AAA of the Income Tax Rules, 1962 shall be considered as Validated Records.

Note - The Exchanges / Depositories / concerned intermediaries shall complete the necessary technical change in their systems **by May 31, 2024**.

To refer FAQ related to the circular please refer the link below.

https://www.sebi.gov.in/sebi_data/faqfiles/may-2024/1715694256793.pdf



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