

## FAQs on KYC Registration Agency (KRA)

### 1. What is KYC and what are the latest regulatory guidelines in this regard

KYC is an acronym for "Know your Client", a term commonly used for the Client Identification Process. SEBI has prescribed certain requirements relating to KYC norms for Financial Institutions and Financial Intermediaries including Mutual Funds to 'Know' their Clients. This would be in the form of verification of identity and address, obtaining information of financial status, occupation and such other demographic information. Applicants must be KYC compliant while investing with any SEBI registered Mutual Fund.

W.e.f January 2012, SEBI has set out revised KYC norms to make the process uniform across the Securities Market and introduced a common KYC application form for all SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, etc. Investors who have not completed the Mutual Fund KYC norms earlier are therefore requested to use the uniform KYC application form to apply for KYC at the time of investment in Mutual Funds.

In the revised KYC regulations, In Person verification ( IPV ) has been made mandatory for Mutual fund investors as well.

### 2. What is a KRA?

A KYC Registration Agency [KRA] is an agency registered with SEBI under the Securities and Exchange Board of India {KYC (Know Your Client) Registration Agency} Regulations, 2011. The KRA maintains KYC records of the investors centrally, on behalf of capital market intermediaries registered with SEBI.

CAMS Investor Services Pvt. Ltd. [CAMS KRA] is registered with SEBI as KYC (Know Your Client) Registration Agency for carrying out KRA activities under SEBI KYC Registration Agency [KRA] Regulations, 2011

An intermediary, for example Mutual Fund / Broking /DP , shall perform the initial KYC of its clients and upload the details on the system of the KRA (**KYC Registration Agency**). When the client approaches another intermediary, the intermediary can verify and download the client's details from the system of the KRA. As a result, once the client has done KYC with a SEBI registered intermediary, the client need not undergo the same process again with another intermediary.

### 3. What is the need for a KRA?

Currently investors have to complete a KYC process as and when they interact / open an account with any SEBI Registered Intermediary like a DP, Mutual Fund, broker etc. and submit the relevant KYC documents, requirements of which may vary from intermediary to intermediary. This leads to duplication of effort. With a view to eliminate such duplication of the KYC process for investors and to have a uniform KYC process across SEBI registered intermediaries, SEBI has introduced the concept of KYC Registration Agency [KRA]. This will enable an investor to invest/trade through various intermediaries, after undergoing the KYC process **only once through any intermediary**. Additionally, any subsequent changes in investor static / demographic information of an investor across various SEBI registered intermediaries can be made by giving a single request to the KRA through one of the registered intermediaries.

#### **4. What is the role / function of a KRA?**

The SEBI KRA Regulations 2011 defines the roles and obligations of KRA. The Key points in this regard are:

- KRA shall store safeguard and retrieve the KYC documents that are submitted by various SEBI registered intermediaries who receive the documents from clients.
- KRA shall retain the original KYC documents of the client, in both physical and electronic form for the period specified, as well as ensuring that retrieval of KYC information is facilitated within stipulated time period.
- Any information updated about a client shall be disseminated by the KRA to all intermediaries that avail of the services of the KRA in respect of that client.
- KRA(s) shall have electronic connectivity and with other KRA(s) in order to establish interoperability among KRAs.
- KRA shall send a letter to each client after receipt of the KYC documents from the intermediary, confirming the client's details and KYC verification status.

#### **5. How does the KRA benefit investors and intermediaries?**

Registering KYC with a KRA not only prevents duplication and inconvenience to investors, it also enables single point change management. As an investor, if one is registered as KYC compliant with any KRA, he can open an account easily with any SEBI Registered intermediary without going through the KYC process once again. Any subsequent changes in investor static / demographic information of an investor across various SEBI registered intermediaries can be made by giving a single request to the KRA through one of the registered intermediaries.

Further, market intermediaries who register with KRA are also benefited as they need not collect KYC documents from KYC compliant clients, thus eliminating the need to collect and store the same.

#### **6. What is the process for Mutual Fund investor to get KYC compliant as per the latest KYC regulations effective Jan.2012 ?**

Investors who want to invest and are not currently KYC compliant have to apply for the Uniform KYC at the time of investment. The process is as below:

- Download the applicable KYC application form from a KRA website. Alternately, Mutual Funds, Registrars to Mutual Funds provide KYC application forms at their service centers as well.
- Fill up the form and attach necessary documentation (proof of identity and address)
- In-person verification (IPV) for Mutual Fund investors has to be done by the AMC, RTA (on behalf of AMCs) or a NISM/AMFI certified and KYD-compliant distributor. Mutual Fund investors can submit the form and get the In-person verification completed at any of CAMS Service Centres
- Mutual Funds / RTA will forward on behalf of Mutual Fund) to the KYC Registration Agency (KRA).

- KYC submission acknowledgement is sufficient for an investor to start investing, while the KRA completes the rest of the process. (KYC acknowledgement should be attached along with the transaction slip)
- The KRA, on completion of verification process, will send a letter to the investor within 10 days confirming the KYC status details.
- If the investor wishes to invest while KYC is in process, Copy of KYC submission acknowledgement may be submitted along with transaction form.

#### **7. How will the data maintained by the KRA be disseminated to the Intermediaries?**

CAMS KRA will give a suitable web-based application interface to registered intermediaries / RTAs in case of intermediaries being Mutual Funds, through which they would be able to verify, download or upload information from/ to the KRA.

#### **8. Should an investor carry out new KYC process again as per SEBI KRA regulations even though he/she is already KYC compliant earlier?**

SEBI has mandated the uniform KYC process with effect from 1st January 2012. If an existing investor who has completed KYC process with one of the intermediaries under the earlier KYC regime wishes to approach another registered intermediary, he/she has to submit the additional information / documents as per uniform KYC requirements and complete In-Person Verification [IPV] through one of the registered intermediaries to comply with the uniform KYC requirements.

#### **9. How will duplication be avoided? Will investors who are already KYC compliant have to undergo the process once again if he wishes to register with another intermediary?**

When an intermediary tries to upload the KYC of an existing KYC compliant investor, the same will not be accepted by the KRA system. The intermediary will have to download the KYC details of the client from the KRA. Inter-operability of data between KRAs will ensure that duplication is avoided.

SEBI has defined timelines for uploading of KYC details of investors into KRA. Intermediaries are working towards meeting these timelines. There are legacy records and the KYC process has been changing over the years for the different intermediary categories. Harmonization to current common KYC norms will be complied with over the next few months as Intermediaries and their Registered Agents like Mutual Fund RTAs fulfill the new requirements of KYC.

#### **10. What are the benefits that CAMS KRA brings to Intermediaries and Investors?**

CAMS KRA is uniquely positioned to render one -stop KYC services for Mutual Funds across its pan India network of service centers. As per the latest KYC regulations of SEBI, KYC for Mutual Fund investors includes completion of In person verification (IPV). Investors can walk into any of CAMS Service centers to complete the KYC process including IPV along with their transactions forms. Distributors can also submit Mutual Funds transactions along with KYC forms.

One-stop KYC services from CAMS KRA also facilitates investors to update any changes to their KYC records.

Image based technology, real time connectivity of its pan India centers bring speed and efficiency to CAMS KRA services. CAMS KRA uses proven methods to bring accuracy and reliability to data. Besides Mutual Funds, CAMS KRA will also serve other SEBI regulated intermediaries to ensure efficient, hassle-free on-boarding experience to their customers.

CAMS KRA KYC forms may be downloaded from [www.camskra.com](http://www.camskra.com) or [www.camsonline.com](http://www.camsonline.com)