



CIRCULAR

CIR/MIRSD/29/2016

January 22, 2016

1. All Recognized Stock Exchanges
2. Stock Brokers through Recognized Stock Exchanges
3. All recognised Depositories
4. Depository Participants through Depositories
5. Association of Mutual Funds in India
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Dear Sir/Madam,

Sub: Know Your Client Requirements - Clarification on voluntary adaptation of Aadhaar based e-KYC process

1. The Hon'ble Supreme Court, in Writ Petition (Civil) No. 494 of 2012 in the matter of Justice K.S.Puttaswamy (Retd.) & Another vs Union of India & Others, vide order dated August 11, 2015 and October 15, 2015 directed that the usage of the Aadhaar card as issued by the Unique Identification Authority of India (UIDAI) is voluntary. In view of the said orders, the usage of Aadhaar card is optional and purely on a voluntary basis, subject to the final judgment of the Hon'ble Supreme Court in the aforesaid petition.
2. SEBI circular dated October 8, 2013, enables Aadhaar based e-KYC service offered by UIDAI for KYC verification on authorisation by the client to the intermediary on a voluntary basis. Clarification on certain operational aspects of the said circular is provided at **Annexure A**.
3. It may be noted that the provisions laid down under the Prevention of Money-Laundering Act, 2002, Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, SEBI Master Circular on Anti Money Laundering (AML) dated December 31, 2010 and SEBI Circular on AML dated March 12, 2014 and relevant KYC circulars issued from time to time shall continue to remain applicable.



4. This clarificatory circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of and to regulate the securities market.

Yours faithfully,

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Encl: Annexure A – Clarification on voluntary adaptation of Aadhaar based e-KYC process



Clarification on voluntary adaptation of Aadhaar based e-KYC process

SEBI vide circular dated October 8, 2013, enabled Aadhaar based e-KYC service offered by UIDAI for KYC verification.

Intermediaries have sought clarifications from SEBI on certain operational aspects of the same.

It is clarified that for accessing the details enabling client identification and authentication from UIDAI based on client authorisation, on voluntary basis, intermediaries who utilize the services of KYC Service Agencies (KSAs) would be registered as KYC User Agencies (KUA) with UIDAI.

1. For entering into account based relationship, the client may provide the following information to the intermediary:
 - i. Name
 - ii. Aadhaar number
 - iii. Permanent Account Number (PAN)
2. The above information can be provided by the client electronically including through any web enabled device.
3. The intermediary shall perform verification of the client with UIDAI through biometric authentication (fingerprint or iris scanning). Mutual Funds can also perform verification of the client with UIDAI through One Time password (OTP) received on client's mobile number or on e-mail address registered with UIDAI provided, the amount invested by the client does not exceed Rs. 50,000 per financial year per Mutual Fund and payment for the same is made through electronic transfer from the client's bank account registered with that Mutual Fund.
4. PAN of such client is to be verified from the income tax website.
5. After due validation of Aadhaar number provided by the client, the intermediary (acting as KUA) shall receive the KYC information about the client from UIDAI through KSA.
6. The information downloaded from UIDAI shall be considered as sufficient information for the purpose of KYC verification. The intermediary shall upload this KYC information on the KRA system in terms of KRA Regulations.
7. In case material difference is observed either in the name (as observed in the PAN vis-a-vis Aadhaar) or photograph in Aadhaar is not clear, the intermediary shall carry



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out additional due diligence and maintain a record of the additional documents sought pursuant to such due diligence.

8. The records of KYC information so received shall be maintained by the intermediary as per the SEBI Act, Regulations and various circulars issued thereunder.