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CIRCULAR

Circular No: PFRDA/2019/14/PDES/1

Date: 24th July 2019

To
All Stakeholders under NPS

Subject: Point of Presence (PoP) relying on third party client due diligence (KYC) for onboarding subscribers in NPS

1. In terms of Regulation 15 of the PFRDA (PoP) Regulations 2018, PoPs are mandated to receive the NPS application form along with Know Your Customer (KYC) documentation and conduct customer due diligence procedures in adherence of Prevention of Money Laundering Act, 2002 through effective Know Your Customer verification processes.
2. Consequent to the Hon'ble Supreme Court judgment on Aadhaar, the Authority vide circular no. PFRDA/2018/65/POP/3 dated 7th Dec 2018 had advised all the PoPs to discontinue KYC authentication through Aadhaar for onboarding subscribers in NPS. PoPs have expressed that the discontinuance of Aadhar authentication has impacted the NPS enrollments and have represented to the Authority for allowing them to rely on the KYC already authenticated by their group/sponsor companies for onboarding such customers in NPS, in line with the PML Rules.
3. The PML (Maintenance of Records) Rules, 2005 (sub rule 2 of Rule 9) provides that a reporting entity (i.e. PoP in case of NPS) may rely on a third party for 'client due diligence' at the time of commencement of an account based relationship, subject to the conditions prescribed thereunder.
4. The Authority has now decided that for KYC authentication of subscribers while onboarding in NPS, the PoP may also rely on third party 'client due diligence' as provided under Sub rule 2 of Rule 9 of PML (Maintenance of Records) Rules, 2005 (as amended for time to time) subject to the conditions thereunder. However, the PoP will be ultimately responsible for KYC/'client due diligence' and undertaking enhanced due diligence measures, as applicable under the PML Rules and the PFRDA (PoP) Regulations 2018.


(Mono MG Phukon)
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