

Policy regarding the Risk Based Approach

Last Reviewed on 01st February, 2023

We shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc.

The risk assessment shall also take into account any country specific information that is circulated by the government of India and SEBI from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations Security Resolutions these can be accessed at

- http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml
- <http://www.un.org/sc/committees/1988/list.shtml>

The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. The assessment shall be documented, updated regularly and made available to competent authorities and self-regulating bodies, as and when required.

Risk Classification:

Clients should broadly be classified in the following categories:

RISK	PARTICULARS
High Risk	Clients which are likely to pose a high risk to RSBL, may be categorized as high risk. -Clients who have defaulted in the past, -Clients who have a suspicious background - High Networth Income clients whose identity and source of wealth are difficult to identify -Politically exposed persons , -Clients of Special Category, -Dormant Account
Medium Risk	Clients which are likely to pose a medium risk to RSBL may be categorized as medium risk. They can be the following: -Where the client profile of the person opening the account is doubtful or dubious. -Where the trading and settlement pattern of the client is suspicious -Intraday clients or speculative client.
Low Risk	Clients who pose low or nil risk. -They are corporate/HNIs who have a respectable social and financial standing. -Clients who fulfill obligations on time.



Clients of special category (CSC)

Such clients include the following:

- Non-resident clients
- High net worth clients,
- Trust, Charities, NGOs and organizations receiving donations
- Companies having close family shareholdings or beneficial ownership
- Politically exposed persons (PEP) of foreign origin
- Current / Former Head of State, Current or Former Senior High-profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- Companies offering foreign exchange offerings
- Clients in high risk countries where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, countries active in narcotics production, countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, countries against which government sanctions are applied, countries reputed to be any of the following – Havens/ sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent. While dealing with clients in high-risk countries where the existence/effectiveness of money laundering control is suspect, intermediaries apart from being guided by the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org), shall also independently access and consider other publicly available information.
- Non face to face clients.
- Clients with dubious reputation as per public information available etc.

The list mentioned above is illustrative. Company will apply its own judgment to ascertain whether new clients should be classified as CSC or not.

List of Designated Individuals/ Entities:

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at

<http://www.un.org/sc/committees/1267/consolist.shtml>

We as Registered Member, are directed to ensure that accounts are not opened in the name of anyone whose name appears in said list. Registered intermediaries shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND

