

Implementation of SEBI Circular regarding Centralized Mechanism for reporting the Demise of an investor through KRA

This is with reference to the SEBI circular bearing reference no. SEBI/HO/OIAE/OIAE IAD-1/P/CIR/2023/0000000163 dated October 3, 2023 as available on link https://www.sebi.gov.in/legal/circulars/oct-2023/centralized-mechanism-for-reporting-the-demise-of-an-investor-through-kras_77534.html, attention of all SEBI Registered Intermediaries (SRIs) is drawn to below instructions for implementation of the Circular in KARVY KRA system w.e.f. January 01, 2024.

1. The SEBI Registered Intermediaries (SRIs) are required to upload the KYC modification request(s) to KRA for reporting demise / death of the investor.
2. The SRI which would upload such modification request should have downloaded or uploaded the KYC record against the said PAN i.e. linked in KRA system against the PAN.
3. **Upload of modification request for reporting demise/death of KYC holder :-**The process is defined below for each of the modes of raising modification request/s
 - a) **Screen based:-** SRI access its KRA log-in as per existing mechanism and creates modification request (one by one) as per existing process, and specifically for demise reporting, SRI needs to add the comment '**Demise Reporting with Verification**' or '**Demise Pending Verification**' in the 'Any other Information' field. :
 - i. **Demise Reporting with Verification** – When SRI has received death information and has performed its validations as per the SEBI Circular in this regard and is uploading the demise details after completing the validations.
 - ii. **Demise Pending Verification** - When SRI has received death information but has not received death certificate but has performed other due diligence in this regard and is uploading the demise details pending validation of Death certificate.

- b) **In bulk through screen based login :-** In case, demise modification request is uploaded in bulk through KRA login as per existing mechanism then in data field “**Any other information**” SRI needs to incorporate / enter a remark as “**Demise Reporting with Verification**” or “**Demise pending Verification**”, as applicable based on verification of demise documentation done or not done at SRI end.
- c) **Through API based uploads :-** In case, demise modification request is uploaded via API directly to KARVY KRA or via Interoperability through Other KRA for a KYC record (PAN) held with KARVY KRA then in XML tag – “**APP_OTHERINFO**” , SRI needs to pass a remark as “**Demise Reporting with Verification**” or “**Demise Pending Verification**”, as applicable based on verification of demise documentation done or not done at SRI end.

4. Upload of supporting documents by SRIs to KARVY KRA for reporting demise/death of KYC holder

- Documents to be uploaded using existing upload mechanism by SRI in a single pdf file with nomenclature as **PAN.pdf** for PAN held in KARVY KRA.
- In case, SRI is uploading the modification request to any other KRA for PAN held in KARVY KRA, then SRIs need to be upload documents in a single zip file with nomenclature as **PAN.zip**
- **Documents to be uploaded:**
 - a) Scanned copy of Death certificate and bearing initials of SRI official/s performing Original Seen and Verified (OSV) activity. In case of request as per 3a (i) above this is mandatory but for request as per 3 a (ii) above, this is not applicable.

OR

Death Certificate along-with Screenshot of online verification of death certificate from certificate issuing authority website and bearing initials of SRI official/s (applicable in case where online source verification is done by SRI). In case of request as per 3 a (i) above this is **mandatory** but for request as per 3 a (ii) above, this is **not applicable**.

- b) Scanned copy of PAN of person (notifier) who informed about demise of KYC holder to SRI and bearing initials of SRI official/s performing Original Seen and Verified (OSV) activity.

OR

Scanned copy of Proof of Identity (POI) of person (notifier) who informed about demise of KYC holder to SRI and bearing initials of SRI official/s performing Original Seen and Verified (OSV) activity. The POI can be any one of the Officially Valid Documents (OVDs) as specified under Prevention of Money Laundering Rules.

- c) Scanned copy of Verification / Due Diligence Report carried out by SRI with initials of officials. Such report may contain details such as contact email ID and mobile number, address of notifier, relationship of notifier with the deceased KYC holder and details of due diligence done by SRI.

5. Processing / Verification of modification request for reporting demise/death of KYC holder

- a. **For requests of Demise Reporting with Verification (as per 3 a (i) above):-** KRAs will process the modification request on T plus next working day, where T is the date of upload of the KYC modification request in KARVY KRA system with necessary documents for demise.

The independent verifications that will be done by KRAs are provided below:

- Checking the documents uploaded by the SRI for demise reporting.
- Online verification of death certificate wherever applicable/ enabled.
- Informing the other SRIs mapped with the KYC record about receipt of Demise request and seek inputs, if any.
- Any other verifications which KRAs may deem necessary such as contacting on mobile number as registered in KYC record or contacting the notifier in order to process the KYC modification request of demise / death of KYC holder.

Such KYC modification request will accordingly be processed by the KRA and in case details are found in order the said KYC record (primary registration status) will be marked as “**KYC Deactivated**” with reason as ‘**Demise/Death of investor**’.

In case any discrepancies are observed in modification request, the status of the KYC modification request will be marked as “**On Hold**” and Remark would be suitably provided in such request to display the discrepancy observed by KRA in the same. SRIs will be required to clear such discrepancy so that the KYC modification request is taken up at KRA for reprocessing.

a. **For Demise Reporting with Verification pending (as per 3 a (ii) above):-**

KARVY KRA will process the modification request on T plus next working day, where T is the date of upload of the KYC modification request in KARVY KRA system with necessary documents for demise.

The independent verifications that will be done by KRAs are provided below:

- Checking the documents uploaded by the SRI for demise reporting.
- Informing the other SRIs mapped with the KYC record about receipt of Demise request and seek inputs, if any.
- Any other verifications which KRAs may deem necessary such as contacting on mobile number as registered in KYC record or contacting the notifier.

Such KYC modification request will be marked “**On Hold**” in KARVY KRA system with remarks as “**Death/Demise – Documents Pending**”.

KARVY KRA will reprocess the modification request on next working day.

1. The updated status of KYC record will be communicated to SRIs as part of unsolicited feed through KRA system. SRIs are requested to take further actions as per the SEBI Circulars / Guidelines.
2. The details of PANs which are marked Deactivated by KRAs for demise / death of KYC holder will be intimated to stock exchanges and depositories (jointly termed as MIIs) as per extant process which is functional/operational under consultation with SEBI for initiating steps to limit market access to such investors by MIIs.
3. Clause no. 10 of abovesaid SEBI circular states that, ‘ *In case the KYC is on hold and where the information about demise of the investor is proven to be incorrect when the intermediary is able to establish contact with the concerned investor, the intermediary*

shall submit a 'KYC modification request' in the KRA system with Remarks as, "Intimation of death of investor is false" and also upload a report of its additional due diligence to the KRA. This shall be done on the same day in order to avoid any inconvenience to the investor.'

On receipt of above modification request, KARVY KRA may seek additional information/documents from SRIs as it may deem fit and will initiate further actions such as Rejection of Demise modification requests which are "On hold" or reinstating the status of KYC from "KYC deactivated" to its original status in case where the KYC is already processed and deactivated.

4. SRIs are further requested to take note of the other directions with regard to obligations casted on SRIs vide SEBI circular ref no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/0000000163 dated October 3, 2023 and take steps to comply with the same.

Intermediary queries related to this communicate may be addressed to KRA@KARVY.com or contact KARVY helpdesk on 8121096850 / 8019355102.

Regards

Sd/-

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Compliance Officer