

MyKYCBank.com Project

Status Update

May 2016



Agenda

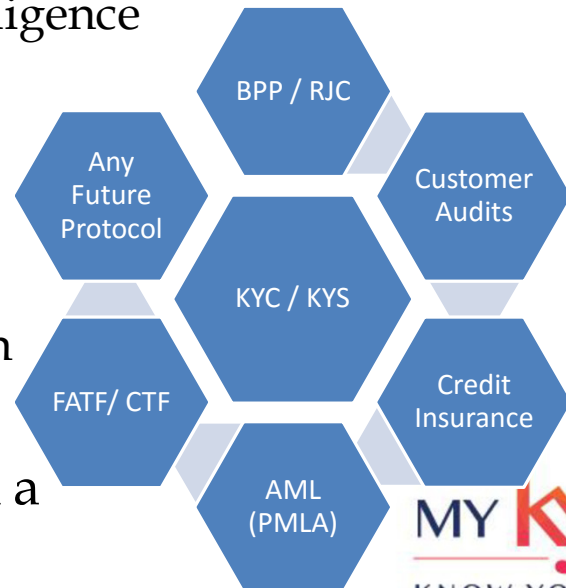
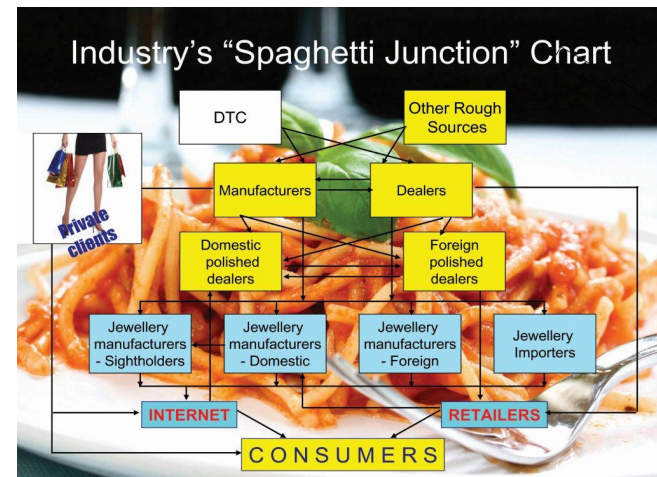
- Why MyKYCBank?
- What is MyKYCBank?
- MyKYCBank System Features
- MyKYCBank Governance
- Status Update
- Next Steps

Why MyKYCBank?

- FATF had identified our sector (Dealers in Precious Metals and Stones) as a DNFBP (Designated Non-Financial Business or Profession)
- Currently, the DNFBP classification is only applicable for those who deal in cash, above the indicated thresholds
- However, many governments already have local requirements which put DNFBP-like onus on all industry transactions
- FATF has recommended the following for DNFBPs
 - Customer due diligence is mandatory (including beneficial owner)
 - Implement a AML/CFT program with a risk based approach
 - Policies applicable for business through third parties (i.e. agents)
 - Enhanced due diligence based on risk assessment & country risks
 - Transactions to be scrutinized regularly and reporting of suspicious & cash transactions

Why MyKYCBank?

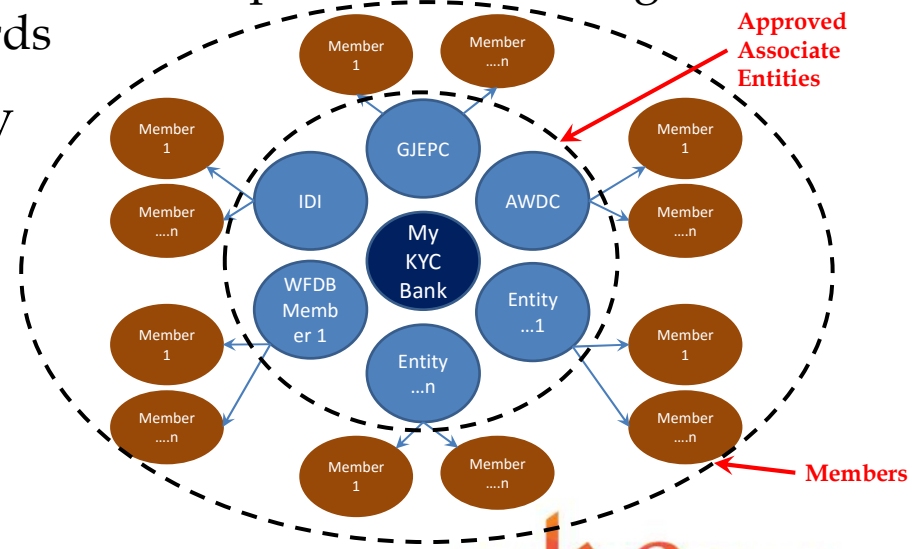
- KYC/CDD is a key element of most audits/legislation with mandatory compliance
 - >95% of the industry transactions are with other industry players, affiliated to their respective bourses or trade bodies
 - Many small dealers who might not have resources to do a thorough due diligence
 - There are no clear industry-wide KYC/KYS standards
- Current compliance effort high
 - Duplication in data; multiple of supporting document copies given
 - Information not updated
- Possibility of a WIN-WIN through a centralised KYC platform



MY KYC BANK
KNOW YOUR CUSTOMER

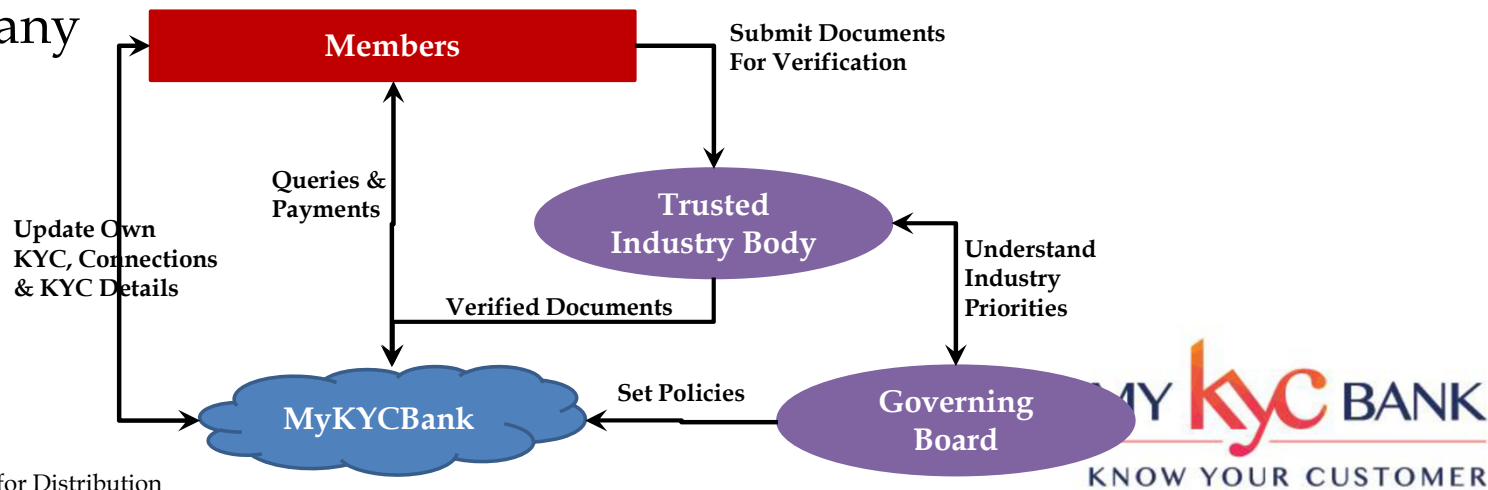
What is MyKYCBank?

- MyKYCBank.com is an online facility where
 - Companies/users can update their KYC information once
 - Back-end compliance team for checking the information
 - Each legal entity will get their unique identification number
 - Information can be shared by sending and accepting connections
 - Information standards as per best in class requirements; leading to consistent industry-wide standards
- Membership will be allowed only to companies who are members of any “approved associated entities”

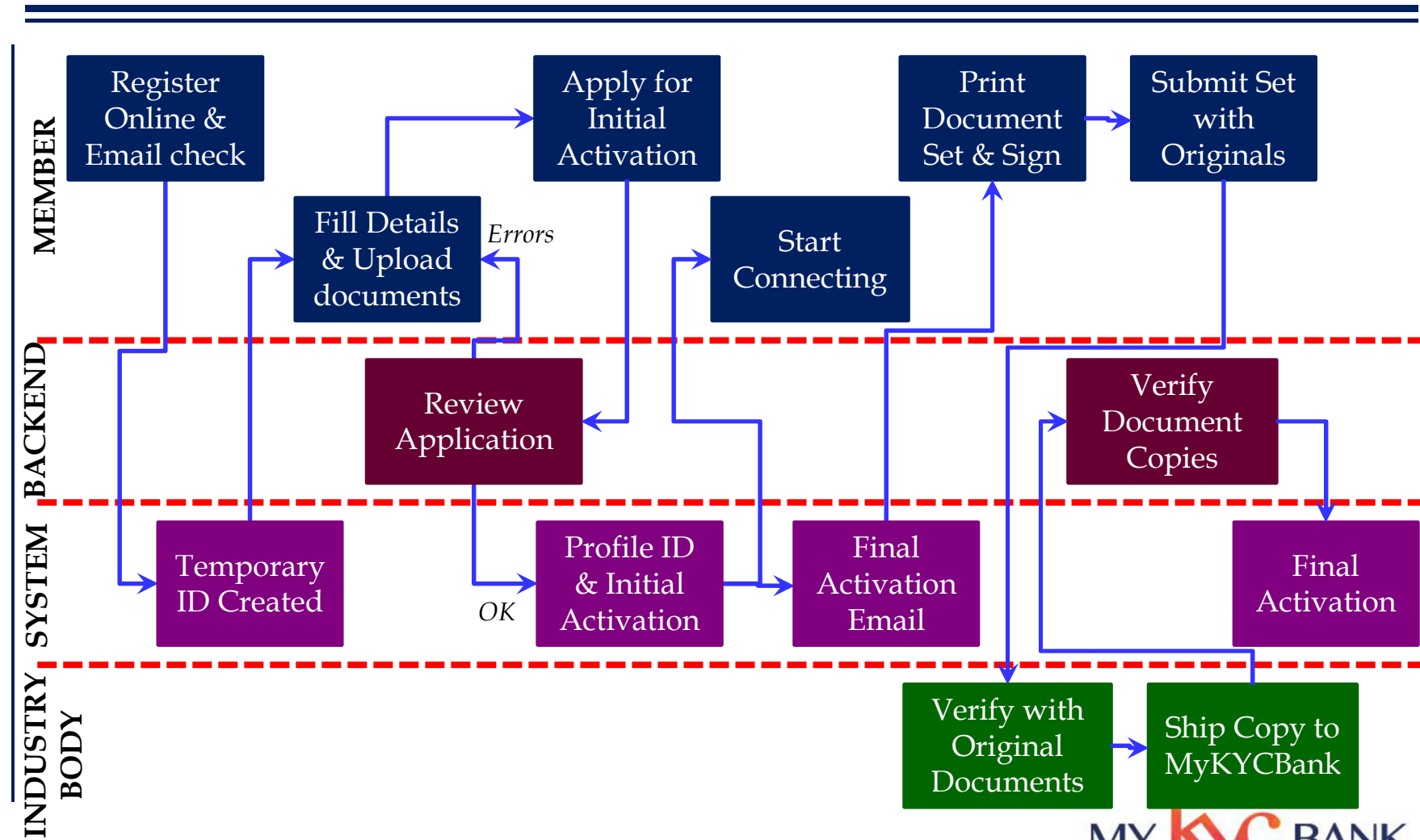


What is MyKYCBank? : Advantages

- Better efficiency, while achieving the best KYC standards
 - Single point information entry & confirmation of data
 - Time saving as information is shared instantly and in real time
- Working with authorised bourses / industry bodies will ensure
 - Additional powers to Bourses/Industry bodies
 - Easier identification of fly-by-night operators/criminals
- Increase transparency in the industry to banks and regulators
- MyKYCBank will also enable the industry to uniquely identify each company



MyKYCBank System Features : Activation Process



MyKYCBank System Features

- Initial filling out of information is comprehensive, however it's a one time effort (equivalent to the documents required to open a new bank account)
 - Ultimate beneficiary information based on self-declaration
- Simple customizable interface, based on the country and type of incorporation which avoids the need for duplicate uploads
- Two step approval process
 - Initial approval given based on uploaded information, enabling connections to be created
 - Final approval after documents verified by Approved Associate Entity and submitted to the back end
- Parallel process for verification with global databases for
 - Sanctions
 - Black-listing of entities

MyKYCBank System Features

- Easy connection process based on the unique number allotted to every member
- Two level of KYC information available to connections
 - Basic profile - available online for all connections
 - Profile with supporting documents - Request sent and approval required from the party
- System back end ability to
 - Create corporate “tree” of all companies which are on the platform
 - Identify unique directors/UBOs
- If information is found to be incorrect/falsely represented, action recommended to the Approved Associate Entity of the member

Status Update : Current

- Current Status
 - GJEPC incorporated a not-for-profit independent subsidiary in August 2015 called “G&J KYC Information Centre”
 - Office is operational including IT and document storage facility
 - First few employees on board including compliance head
 - Software Status
 - Software Review by KPMG completed
 - Hosting provider identified (NTT Docomo)
- Beta System is currently Live for Pilot Testing
- Pending Activities
 - Finalise legal documentation
 - Legal review for defining Governing Structure
 - Fine-tune internal processes during pilot
 - Complete recruitment for startup
 - Extend Roll out

MyKYCBank Governance : Approved Associate Entity

- Only members of AAEs will be allowed to register on MyKYCBank
 - Service contract between MyKYCBank and each AAE
 - AAEs will have the following responsibilities
 - Payment of the fees for their members registered on the platform
 - Have a code of conduct in place which all its members need to sign
 - Verification of document copies with the originals done at the same time
 - Periodic shipping of the collected documents to MyKYCBank
 - Investigation and taking relevant action in case where MyKYCBank indicates noticed discrepancies or other potential serious concerns
 - The advantages to the AAE would include
 - Ability to generate revenues for additional services to member
 - Higher level of transparency achieved in the trade
 - Greater ability to take action in case of errant members

MyKYCBank Governance : Pricing

- The pricing, as currently envisaged, for the service is as follows

<i>Industry Body Membership</i>		<i>Industry Body Charges</i>		<i>Initial</i>	<i>Active Member Charges</i>	
<i>From</i>	<i>To</i>	<i>One Time</i>	<i>Annual</i>	<i>One Time</i>	<i>Quarterly</i>	<i>Annual</i>
<i>members</i>	<i>members</i>	<i>\$/IB</i>	<i>\$ p.a./IB</i>	<i>\$/ member</i>	<i>\$ p.q./member</i>	<i>\$ p.a./member</i>
0	200	500	100	30	22.5	81
201	500	1,000	200	25	20	72
501	1,000	2,000	400	20	17.5	63
1,001	3,000	4,000	800	15	15	54
3,001	onwards	5,000	1,000	10	12.5	45

- Key features
 - Prices include a one time and an annual charge
 - Charges would be for the industry body as well as a per member charge
 - Charges would be levied only for members activated on the system
- Note that the G&J KYC Information centre is a not for profit entity, and the intention is to cover operating costs

Status Update : Timeline

- Extend Pilot to other GJEPC/BDB members in Mumbai
- Extend to other industry bodies
 - Within India (BDB, GJEPC, etc.) – Q3 2016
 - Outside India (WFDB Members, etc.) – Q4 2016
 - Roll-out to Retailers in India
- Access will be provided to financial institutions (banks, insurers etc.) in a controlled manner

MyKYCBank Governance

- Legal structure, which would be most suitable for involving Global Industry bodies is currently being examined
 - Whether a formal board structure (as required legally) is suitable
 - Alternatively, a from the formal board, a Governing Council can be formed
- The legal review will define the following
 - Criteria for inviting industry bodies/industry associations (i.e. WFDB)
 - How to involve other stakeholders like Banking representatives
 - What will be the roles and responsibilities of the bodies in the selected alternative
- Primary responsibilities of the governance structure include
 - Approving of the initial list of Associated Entities
 - Setting the minimum code of conduct which has to be followed
 - Periodic review of the system
 - Reviewing serious cases of infringements

Next Steps

- Understand thoughts of WFDB
- Questions

Thank You

