

**POLICY ON HANDLING EXPORT,
IMPORT, AND MERCHANTING TRADE
TRANSACTIONS OF CUSTOMERS**



CFPC, CHENNAI

POLICY ON HANDLING EXPORT, IMPORT AND MERCHANTING TRADE TRANSACTIONS OF CUSTOMERS

1. SHORT TITLE AND COMMENCEMENT

This Policy shall be called the **Policy on Handling Export, Import and Merchanting Trade Transactions of Customers** ("Policy").

This Policy shall come into effect from **01 October 2026** or such date as notified by the Reserve Bank of India (RBI) under FEMA 23(R)/2026. The Policy shall serve as the overarching framework governing all trade-related foreign exchange transactions undertaken by the Bank.

2. APPLICABILITY

This Policy applies to:

- All branches, departments and processing centre of the Bank involved in trade transactions
- All Export, Import and Merchanting Trade Transactions (MTT)
- All customers undertaking cross-border trade transactions through the Bank

This Policy shall be applicable irrespective of transaction size, customer category or geographic location, unless specifically exempted under regulatory provisions.

3. REGULATORY FRAMEWORK

This Policy is framed in accordance with:

- FEMA 23(R)/2026 – Export and Import of Goods and Services Regulations
- RBI Directions, circulars and clarifications issued thereunder

The Policy adopts a **principle-based regulatory approach**, wherein the Bank is empowered to design internal processes and controls while ensuring adherence to the intent of FEMA regulations.

4. OBJECTIVES

The objectives of this Policy are to:

- Ensure full compliance with FEMA and RBI directions governing Import / Export / MTT transactions
- Establish a structured, consistent and risk-based approach to handling trade transactions
- Facilitate efficient and timely processing of customer transactions
- Strengthen internal controls, monitoring and reporting mechanisms

The Policy aims to balance **business facilitation with regulatory compliance and risk management**.

5. GOVERNANCE FRAMEWORK

5.1 Board Oversight

The Board of Directors shall approve this Policy and review it annually

5.2 Senior Management Oversight

Senior Management shall:

- Monitor implementation of the Policy
- Ensure timely corrective action on deviations

5.3 Functional Responsibilities

- **Business Units:** Responsible for customer onboarding, due diligence and transaction initiation
- **Operations (CFPC):** Responsible for processing, documentation verification and reporting
- **Risk Management:** Responsible for identifying, assessing and monitoring risks
- **IAD / Compliance:** Responsible for ensuring adherence to regulatory requirements

This segregation ensures **clear accountability and avoids conflict of interest.**

6. RISK MANAGEMENT FRAMEWORK

The Bank shall adopt a **comprehensive risk-based approach** for handling export, import and merchanting trade transactions, in line with RBI's principle-based regulatory framework. The objective is to proactively identify, assess, monitor and mitigate risks arising from trade transactions.

6.1 Risk Categories

CFPC shall evaluate risks across the following dimensions:

- **Country Risk:** Risk arising from transactions involving jurisdictions with political instability, weak regulatory regimes, sanctions exposure or adverse FATF classification.
- **Counterparty Risk:** Risk of default or non-performance by the overseas counterparty.
- **Customer Profile:** Vintage of the Customer with our Bank

6.2 Risk Scoring Model

CFPC shall process Import / Export / MTT transactions through **quantitative risk scoring framework** to assess each customer and transaction.

6.2.1 Risk Parameters

Each transaction shall be evaluated based on the following parameters:

Parameter	Description	Score Range
Customer Profile	Vintage of the Customer with the Bank	0-2
Country Risk	FATF Rating of Importing/Exporting Country. For Export Finance, ECGC Country Rating also to be included.	0-2
Commodity Risk	Whether the Goods are under prohibited list of DGFT and if yes, whether license available to Import	0-1

6.2.2 Risk Score Calculation

- Total Risk Score = Sum of all parameter scores
- Maximum Score = 5

6.2.3 Risk Classification

Score Range	Risk Category	Interpretation
0	Low Risk	Standard transactions with minimal risk
1-3	Medium Risk	Moderate risk requiring additional checks
4-5	High Risk	Elevated risk requiring enhanced due diligence and approvals from Vertical Heads of respective Business Units / Vertical Head of CFPC / Senior Management. All Merchanting Trade Transactions would be classified under High Risk category.

6.3 Risk-Based Controls

Based on the risk classification, the following controls shall be applied:

6.3.1 Low Risk

- Standard documentation and processing
- Routine monitoring

6.3.2 Medium Risk

- Customer Due Diligence by respective Business Unit
- Branch Manager / Respective Business Unit Head approval

6.3.3 High Risk

- Enhanced Due Diligence (EDD)
- Approval from Vertical Heads of respective Business Units / CFPC
- Detailed scrutiny of transaction structure

6.4 Enhanced Due Diligence (EDD)

EDD shall be mandatorily conducted, as per the format prescribed by Compliance Department, for:

- Customers routing Merchanting Trade Transaction
- Transactions involving high-risk jurisdictions
- Customers with vintage less than 6 months involving complex transaction

EDD measures shall include:

- Verification of business rationale
- Review of historical transaction behaviour

6.5 Early Warning Indicators (EWI)

The Business Units shall monitor early warning signals including:

- Repeated delays in export realization
- Delay in Realization of Exports
- Delay in Imports for which Advance Remittances were made

Such indicators shall trigger enhanced monitoring and escalation.

6.6 Risk Monitoring and Review

- Risk scores shall be applicable for each, and every transaction handled at CFPC
- High-risk customers shall be subject to review at the time of request for Transaction like seeking EDD from respective business unit or Declaration from customer etc.

7. CUSTOMER DUE DILIGENCE (CDD)

Branches shall undertake due diligence, at the time of opening of account or at the time of Forex Transaction, as follows:

- Verify KYC compliance as per RBI guidelines
- Validate Import Export Code (IEC)
- Ensure consistency between customer's business profile and trade activity

8. TRANSACTION LIFECYCLE MANAGEMENT

All trade transactions shall be processed through a structured lifecycle:

1. **Customer Onboarding** – Verification of credentials and regulatory eligibility by respective business units.
2. **Transaction Initiation** – Submission of request and supporting documents by respective business units / customers.
3. **Document Verification** – Scrutiny for completeness and correctness by CFPC.
4. **Processing & Approval** – As per delegated authority initiated by respective business unit requiring approval from Vertical Head of Business Unit / ED and by CFPC if approval required from Vertical Head of CFPC.
5. **Regulatory Reporting** – Reporting in EDPMS/IDPMS systems by CFPC.
6. **Monitoring** – Tracking realization/payment status by respective business unit and CFPC
7. **Closure** – Completion of transaction and system closure by CFPC
8. **Exception Handling** – Identification and resolution of deviations by respective business units and CFPC.

This lifecycle ensures **end-to-end control and traceability**.

9. EXPORT TRANSACTIONS

CFPC shall ensure:

- Submission of Export Declaration Forms (EDF) where applicable
- Monitoring of outstanding export bills
- Handling of advance receipts in compliance with regulations
- Permissible write-offs and adjustments as per delegated powers

Unrealized export proceeds beyond prescribed timelines shall trigger enhanced monitoring and restrictions as per RBI guidelines.

10. IMPORT TRANSACTIONS

CFPC shall ensure:

- Verification of import documentation including invoices and contracts
- Follow-up for non-materialized imports and repatriation of funds
- Closure of import transactions in regulatory systems

Transactions not completed within stipulated timelines shall be treated as exceptions and handled accordingly.

11. MERCHANTING TRADE TRANSACTIONS (MTT)

11.1 Overview

Merchanting Trade Transactions (MTT) refer to transactions involving purchase of goods from one overseas supplier and sale to another overseas buyer without the goods entering India. Given the inherent complexities and higher risk associated with such transactions, MTT shall be subject to enhanced controls and monitoring.

11.2 Eligibility Criteria

MTT are permitted only for customers who:

- Have a satisfactory track record with the Bank with minimum vintage of 6 months. Vertical Head of respective Business Unit can permit MTT for customers with less than 6 months vintage with our Bank.
- Demonstrate adequate financial strength and operational capability
- Have a clear and legitimate business rationale for undertaking MTT
- Comply with KYC, AML and FEMA requirements

New or high-risk customers shall be subject to enhanced due diligence prior to permitting MTT.

11.3 Permissible Structure

CFPC shall ensure that:

- MTT transactions are **back-to-back in nature**, with corresponding purchase and sale contracts / Invoices
- The transaction is commercially justified
- The time gap between import leg and export leg is within permissible limits
- Both legs of the transaction to be routed through the Bank

Open-ended or loosely structured transactions shall not be permitted.

11.4 Due Diligence Requirements

CFPC shall undertake detailed due diligence including:

- Verification of overseas buyer and supplier credentials for high value transactions
- Screening against sanctions at the time of inward / outward remittances
- Assessment of underlying goods (not restricted under Foreign Trade Policy)
- Confirmation of shipping routes and logistics feasibility through Vessel Check at the time of submission of Export Documents

11.5 Payment and Settlement Controls

CFPC shall ensure:

- The Advance Remittance is permitted only after checking the corresponding export / sale leg
- The export proceeds are realized within prescribed timelines
- If export proceeds are realized earlier than import leg payment, then the proceeds should be lien marked till the settlement of import leg
- Payments are routed through normal banking channels
- No undue exposure or open positions are created

Where necessary, appropriate safeguards such as Letters of Credit or guarantees may be insisted upon.

11.6 Risk Controls

MTT transactions shall be treated as **high-risk by default** and shall be subject to:

- Yearly Enhanced Due Diligence (EDD) on the Customer
- Higher-level approvals as per Delegation of Powers
- Continuous monitoring of transaction lifecycle

Transactions involving high-risk jurisdictions, sensitive commodities or unusual structures shall be subject to additional scrutiny or may be declined.

11.7 Prohibited Transactions

MTT are not permitted for:

- Transactions involving sanctioned or restricted countries
- Trade in prohibited or restricted goods (Trade in Goods not permitted under Foreign Trade Policy)

11.8 Monitoring and Reporting

CFPC shall:

- Monitor MTT transactions from initiation to closure
- Track timelines for both legs of the transaction
- Ensure proper reporting in EDPMS/IDPMS systems

Any delays, mismatches or irregularities shall be escalated immediately.

11.9 Exception Handling

Any deviation in MTT transactions such as:

- Delay in settlement
- Trade resulting in Loss
- Non-realization of proceeds

shall be treated as an exception and escalated to RBI / Respective Business Units.

12. TRADE-BASED MONEY LAUNDERING (TBML) CONTROLS

The Bank shall implement a comprehensive framework to detect, prevent and report Trade-Based Money Laundering (TBML) risks. Given the increasing regulatory focus, TBML controls shall be embedded across customer onboarding, transaction processing and monitoring stages.

12.1 TBML Risk Indicators (Red Flag Matrix)

The following red flag indicators shall be used to identify suspicious trade transactions:

Category	Red Flag Indicator	Risk Interpretation
Customer Risk	Newly acquired customers requesting for Advance Payments	Suspicious activity
Counterparty Risk	High value transactions to overseas parties	Lack of transparency
Payment Risk	Third-party payments without clear justification	Layering of funds
Documentation Risk	Inconsistent or incomplete documents (invoice, BL, packing list)	Potential fraud or misreporting

12.2 Detection Mechanism

CFPC shall detect TBML risks through:

- Checking the Vintage of the Customer at the time of Transaction
- Checking the credit profile of overseas customers for high value transactions
- Number of outstanding entries pending for reconciliation in E/IDPMS
- Laddering payments / receipts

12.3 Risk-Based Action Framework

Based on severity of red flags:

- **Low Risk Indicators:** Standard documentation and processing with routing monitoring
- **Medium Risk Indicators:** Customer due diligence and escalation to Branch Head / Respective Business Unit Head for approvals. Approving Authorities are provided in this Policy as well as in SOP. Approval of the Highest Authority provided in Policy or in SOP as the case may be should be obtained.
- **High Risk Indicators:** Enhanced due diligence, detailed scrutiny of transaction structure and approvals from Vertical Head of Respective Business unit / Vertical Head of CFPC / ED. Approving Authorities are provided in this Policy as well as in SOP. Approval of the Highest Authority provided in Policy or in SOP as the case may be should be obtained.

12.4 Reporting and Escalation

- Suspicious transactions shall be reported to AML Team for their analysis
- Reporting to be done after obtaining approval from Vertical Head of respective Business Unit / CFPC

13. EXCEPTION HANDLING AND DEVIATION FRAMEWORK

CFPC shall implement a structured **Exception Handling and Deviation Framework** to ensure that any departures from regulatory requirements, internal policy norms or operational timelines are identified, approved, monitored and resolved in a controlled manner.

13.1 Definition of Exception

An exception shall include any instance where:

- Regulatory timelines are breached (e.g., delay in export realization)
- Import transactions are not completed as per contract terms
- Transaction deviates from prescribed policy or SOP

13.2 Classification of Exceptions

Exceptions shall be categorized based on severity:

- **Minor Exceptions:** Procedural delays or documentation gaps without financial or regulatory impact
- **Moderate Exceptions:** Delays or deviations requiring additional approvals or monitoring
- **Major Exceptions:** Regulatory breaches, high-value discrepancies or potential risk exposure

13.3 Approval Mechanism

- Minor exceptions may be approved at operational levels
- Moderate exceptions shall require approval from CFPC Head / Divisional Head
- Major exceptions shall require approval as per Delegation of Powers

All approvals shall be documented with clear justification.

13.4 Exception Register

CFPC shall maintain a centralized **Exception Register** capturing:

- Nature of exception
- Customer details
- Transaction details
- Date of occurrence
- Approval obtained
- Corrective action taken
- Status of closure
-

The register shall be updated on a real-time basis and made available for audit and regulatory review.

13.5 Time-bound Resolution

- All exceptions shall be resolved within defined timelines depending on severity
- Pending exceptions shall be tracked and followed up periodically
- Long-pending exceptions shall be escalated to higher authorities

13.6 Regulatory Compliance

- Exceptions involving regulatory breaches shall be handled with utmost priority
- Where required, reporting shall be made to RBI or other authorities
- Non-compliance trends shall be monitored and addressed

14. DELEGATION OF POWERS

CFPC to implement a structured and clearly defined **Delegation of Powers (DoP) framework** to ensure timely decision-making while maintaining adequate control and accountability. The delegation shall be aligned with the risk profile of transactions and shall be reviewed periodically. Powers of Delegated Authorities are provided in this Policy as well as in SOP. Approval of the Highest Authority provided in Policy or in SOP should be obtained.

14.1 Guiding Principles

- Delegation shall be based on **risk, transaction value and complexity**
- Higher-risk transactions shall require higher levels of approval
- Adequate segregation of duties shall be maintained
- All approvals shall be properly documented and auditable

Delegation of Powers would be approved by MD & CEO after the approval of this Policy by Board and SOP by Process Development Committee.

14.2 Key Approval Areas Explained

a) Export Realization Extensions

Extensions within RBI-permitted timelines may be approved at operational levels, while cases involving prolonged delays or repeated extensions shall require higher-level approvals.

b) Write-offs

Write-offs shall be permitted only after due verification of efforts taken for realization and shall be subject to limits prescribed internally. Higher-value or sensitive write-offs shall require senior management approval.

c) Third-Party Payments

Standard third-party payments may be approved at operational levels; however, complex structures involving multiple intermediaries or high-risk jurisdictions shall require enhanced scrutiny and approval.

d) Merchanting Trade Transactions

MTT transactions shall require approval at centralized levels (CFPC and above) due to their inherent risk, with high-risk cases escalated to senior management.

e) Import Advances

Advance remittances shall be monitored closely. Cases lacking adequate safeguards (such as guarantees) shall require higher-level approvals.

f) Exceptions and Deviations

Any deviation from policy or regulatory norms shall be treated as an exception and shall require approval from appropriate authority levels depending on risk severity.

14.3 Review of Delegation Framework

The Delegation of Powers shall be reviewed periodically to ensure alignment with:

- Regulatory changes
- Business requirements
- Risk exposure levels

15. MONITORING AND MIS FRAMEWORK

CFPC to coordinate with MIS Department to establish a robust **Monitoring and Management Information System (MIS) Framework** to ensure continuous oversight of trade transactions, timely identification of risks, and informed decision-making at all levels of management.

15.1 Objectives of Monitoring Framework

The monitoring framework aims to:

- Track the status of all trade transactions from initiation to closure
- Identify delays, deviations and emerging risks
- Ensure compliance with regulatory timelines

15.2 Types of MIS Reports

The Bank shall generate structured MIS reports at defined intervals:

a) Daily Monitoring

- Purchased / Discounted Export Bills for realization
- Retirement of Import Bills (LC Bills) / Trade Credit on Due Date
- Transactions nearing regulatory deadlines

b) Monthly Monitoring

- Overdue Purchases / Discounted Export Bills (aging-wise analysis)
- Overdue Import Bills (LC Bills) / Trade Credit
- Exceptions and deviations pending resolution
- MTT Transactions Exposure and Default status

c) Quarterly Monitoring

- Regulatory breaches and corrective actions

15.3 Responsibility and Review Mechanism

- Operational teams shall generate and validate MIS reports
- CFPC / Divisional Heads shall review periodic reports
- Vertical Heads of Business Units / CFPC shall review monthly and quarterly summaries
- Significant observations shall be escalated to Board / Committees

15.4 Data Integrity and System Controls

- MIS shall be generated from system-driven data sources
- Manual intervention shall be minimized
- Data accuracy and consistency shall be ensured through validations

16. SYSTEM AND DIGITAL CONTROLS AND AUTOMATION

CFPC to coordinate with IT Department to implement robust **system-driven controls and automation mechanisms** to ensure accuracy, efficiency, auditability and regulatory compliance in handling trade transactions. Given RBI's emphasis on technology-enabled compliance, manual intervention shall be minimized to the extent possible.

16.1 Core System Integration

The Bank shall ensure seamless integration with:

- EDPMS (Export Data Processing and Monitoring System) for movement of reporting from CBS to TRRACS / TRRACS to EDPMS Portal and vice-versa
- IDPMS (Import Data Processing and Monitoring System) for movement of reporting from CBS to TRRACS / TRRACS to EDPMS Portal and vice-versa
- Forex Trade Finance Application with Core Banking System (CBS)

This integration shall enable automated tracking, reporting and reconciliation of trade transactions.

16.2 Automated Validation Controls

System-based validations shall be implemented for:

- Matching of shipping bill / bill of entry with remittance data
- Validation of timelines (due dates, extensions, etc.)

Any deviations shall trigger system alerts.

16.3 Maker-Checker Framework

- All transactions shall be processed under a **maker-checker mechanism**
- The maker and checker roles shall be segregated
- High Value transactions shall require additional approval layers, subject to CBS Vendor providing the required tool

This ensures prevention of unauthorized or erroneous transactions.

16.4 Audit Trail and Logging

- All transactions and approvals shall be recorded in systems
- Complete audit trail shall be maintained for regulatory and audit purposes
- System logs shall capture user actions, timestamps and changes made

16.5 Alerts and Exception Triggers

Systems shall generate alerts for:

- Transactions nearing regulatory deadlines
- Delayed export realization or import completion

These alerts shall enable proactive intervention.

16.6 Data Integrity and Security

- Data accuracy and consistency shall be ensured through validations
- Access controls shall be role-based
- Sensitive data shall be protected through encryption and security protocols

16.7 Straight Through Processing (STP)

Where feasible, the Bank shall implement STP for low-risk and standardized transactions to:

- Reduce processing time
- Improve operational efficiency
- Minimize manual errors

16.8 Business Continuity and System Resilience

- Systems shall be supported by disaster recovery and backup mechanisms
- Contingency processes shall be defined for system failures

17. REGULATORY REPORTING

CFPC to ensure:

- Timely and accurate reporting to RBI systems
- Defined responsibility for reporting functions
- Monitoring of compliance failures and corrective action

18. AUDIT AND COMPLIANCE

IAD to implement:

- Concurrent audit of forex transactions
- Periodic internal audits
- Compliance certification mechanisms

Audit findings shall be reviewed, and corrective actions shall be implemented promptly.

19. CUSTOMER SERVICE AND GRIEVANCE REDRESSAL

Customer grievances shall be handled as per the Bank's Grievance Redressal Policy.

A structured escalation mechanism shall be available to ensure timely resolution.

20. TRAINING AND CAPACITY BUILDING

HRD to ensure:

- Mandatory training programs for staff handling trade transactions
- Periodic refresher sessions to ensure awareness of regulatory changes

21. BUSINESS CONTINUITY

CFPC in coordination with IT Department to formulate contingency measures to ensure continuity of trade operations during:

- System disruptions
- External disruptions such as geopolitical events

22. POLICY REVIEW AND AMENDMENT

This Policy shall be reviewed annually or earlier if required due to regulatory changes. Interim amendments may be approved by MD & CEO and placed before the Board during review.

23. ANNEXURES

Detailed operational frameworks are provided through annexures including:

- Risk Assessment Matrix
- Delegation of Powers Matrix
- Exception Register
- MTT Approval Format
- MIS Templates

The Standard Operating Procedure (SOP) would cover in detail the list of forex transactions to be handled including handling of Advance Remittances received / paid for Exports and Imports, details of documents to be obtained, timelines for processing the transactions, delegation power matrix, due date extensions, adjustments of export and import proceeds, application of service charges etc. The grievance redressal mechanism and escalation process would be as per the Grievance Redressal Policy owned by Operation Department. The SOP would be duly approved by PDC (for workflow) and MD & CEO (for delegation power matrix) and Vertical Head of CFPC (for Documents). Approval of MD & CEO would be obtained as and when there is requirement for amendments to SOP.

--- END OF POLICY ---

Annexure A –Risk Scoring Framework

1. Purpose & Applicability

This annexure provides a comprehensive, standardized and auditable methodology for assessing risk associated with export, import and merchanting trade transactions.

It shall be used across Operations, Risk and Compliance functions for consistent decision-making.

2. Risk Parameters – Detailed Definitions

2.1 Customer Profile

- Score 0: Established customer with Vintage beyond 6 months
- Score 1: New customer with Vintage less than 6 months but history of Forex Business through other Banks
- Score 2: New customer with Vintage less than 6 months and new to Forex Business

2.2 Country Risk

- Score 0: Low-risk jurisdiction (FATF compliant. Category A and B as provided by ECGC for Export Finance)
- Score 1: Medium-risk jurisdiction (FATF Grey List Countries)
- Score 2: High-risk jurisdiction (Sanctioned Countries, Black listed countries under FATF. Category C and D as provided by ECGC for Export Finance)

2.3 Commodity Risk

- Score 0: Standard, low-risk goods (Compliant with Foreign Trade Policy / Goods under OGL) License obtained from respective authorities)
- Score 1: Restricted Goods for which License Obtained

2.4 EDPMS/ IDPMS Entries

- Score 0: Outstanding entries are within 6 months from the date of actual transactions / Shipping Bill / Bill of Entry
- Score 1: Outstanding entries 6 months and above and up to one year from the date of actual transactions / Shipping Bill / Bill of Entry
- Score 2: Outstanding entries one year and above from the date of actual transactions / Shipping Bill / Bill of Entry

2.5 Payment Risk – Outward Remittances only

- Score 0: Payment made against documents received from Overseas Banks or against Bill of Entry available in IDPMS
- Score 1: Payment made against documents received by bank directly from overseas suppliers or without BOE (including Advance Remittances)
- Score 2: Payment made against documents received by our customers directly from overseas suppliers and without BOE

3. Risk Classification

- Low Risk: Up to 4 → (Low Risk) Standard processing by CFPC Processing Team
- Medium Risk: above 4 and up to 7 → (Medium Risk) Additional verification and approval by Branch Head / Respective Business Unit Head. Approval of the Highest Authority provided in Policy or in SOP as the case may be should be obtained.
- High Risk: Above 3 → High Risk Enhanced Due Diligence & approval by Vertical Head of Business Units / Vertical Head of CFPC / ED. Approval of the Highest Authority provided in Policy or in SOP as the case may be should be obtained.

Annexure B –Merchanting Trade Transaction (MTT) Approval Format

1. Purpose & Applicability

This annexure provides a comprehensive format for evaluation and approval of Merchanting Trade Transactions (MTT).

It ensures due diligence, risk assessment, and regulatory compliance before permitting such transactions.

2. Customer Details

Field	Details
Customer Name	
Customer ID	
IEC	
Business Nature	
Risk Rating	

3. Transaction Details

Field	Details
Supplier Name & Country	
Buyer Name & Country	
Commodity Description	
Transaction Value (Show separately for Purchase / Sale and Profit)	
Currency	
Shipment Route	

4. Trade Flow & Commercial Rationale

Provide detailed explanation of trade flow, justification for merchanting trade, and business rationale.

5. Pricing & Valuation Check

Confirm that pricing is in line with market benchmarks and does not indicate over/under invoicing.

6. Risk Assessment

Parameter	Assessment	Remarks
Country Risk		
Commodity Risk		
Customer Profile		

7. Due Diligence Checklist

Check	Yes/No	Remarks
KYC Completed		
Counterparty Verified for high value transactions		
Trade Documents Verified		
Commercial Rationale Valid		

8. Payment & Settlement Controls

Confirm back-to-back structure and ensure both legs of transaction are properly aligned.

Specify payment terms and safeguards (LC / guarantees).

9. Approval & Sign-off

Level	Name	Signature	Date
Prepared By			
Reviewed By			
Approved By			

10. Post-Approval Monitoring

Transaction shall be monitored till closure to ensure timely settlement and compliance.

Annexure C –Customer Due Diligence (CDD) & Trade Profiling Form

1. Purpose & Applicability

This annexure provides a comprehensive format for conducting Customer Due Diligence (CDD) specific to trade transactions.

It integrates KYC, AML, risk assessment and trade profiling requirements.

2. Basic Customer Information

Field	Details
Customer Name	
Customer ID	
Constitution (Company/Firm/etc.)	
IEC Number	
PAN	
GST Number	
Account Number	

3. Business Profile

Field	Details
Nature of Business	
Years of Operation	
Annual Turnover	
Primary Commodities Traded	
Major Trading Countries	

4. KYC & Compliance Verification

Check	Status (Yes/No)	Remarks
KYC Documents Verified		
IEC Validated		

PAN/GST Verified		
Sanctions Screening Completed		
Adverse Media Check		

5. Trade Profile Assessment

Parameter	Details	Remarks
Expected Transaction Size		
Typical Payment Terms		
Trade Frequency		
Counterparty Profile		

6. Red Flag Identification

Red Flag	Observed (Yes/No)	Remarks
Unusual transaction pattern		
High-risk country exposure		
Mismatch in business vs trade		

10. Approval & Certification

Level	Name	Signature	Date
Prepared By			
Reviewed By			
Approved By			