

LAKME INVESTMENT AND FINANCE LIMITED

COMPLIANCE TRAINING POLICY

Version Control

Document version	Description of changes	Memorandum of change	Prepared by	Proposed by	Owner Dept.	Approval Date
1.0			Operations	Head of Operation	Operations	

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1. Objective:

Non-Banking Financial Companies (NBFCs) must establish robust compliance training and awareness policies to mitigate risks, ensure regulatory adherence, and protect consumers. This policy note outlines the essential components of an effective compliance training and awareness strategy.

- **Regulatory Compliance:** Ensure adherence to all applicable laws, regulations, and guidelines issued by financial authorities.
- **Consumer Protection:** Safeguard consumer interests by promoting fair practices and transparency.
- **Risk Mitigation:** Identify, assess, and manage operational, financial, and reputational risks.
- **Employee Competency:** Equip employees with the knowledge and skills necessary to comply with regulatory requirements and internal policies.

2. Training Program:

The program will cover the essential regulations, compliance obligations, and best practices to ensure adherence to the legal framework governing NBFCs. We have listed the contents and modules of the training below:

a. Introduction to NBFCs:

- Definition and type of NBFCs
- Importance of NBFCs in the financial sector
- Key differences between NBFCs and banks

Regulatory Framework for NBFCs

- Overview of the Reserve Bank of India's (RBI) role
- Key regulatory guidelines and circulars issued by RBI.
- Overview of relevant acts and regulations (e.g., RBI Act, Companies Act)

a. Registration and Licensing Requirements

- Eligibility criteria for NBFC registration
- Types of NBFC licenses (Deposit-taking and non-deposit taking)
- Procedure for obtaining and renewing NBFC licenses

b. Prudential Norms and Guidelines

- Capital adequacy requirements.
- Asset classification and provisioning norms
- Exposure norms for credit and investment

c. Corporate Governance and Disclosure Requirements

- Board composition and responsibilities.
- Fit and proper criteria for directors
- Mandatory disclosures and transparency norms
- Conducting Board meetings and documenting Board decisions.

d. Anti-Money Laundering (AML) and Know Your Customer (KYC) Requirements

- Overview of AML and KYC regulations
- Customer due diligence processes
- Reporting requirements for suspicious transactions

e. Reporting and Compliance Obligations

- Periodic returns and statements to be submitted to RBI.
- Annual compliance certification
- Internal and external audit requirements
- Prudential Norms requirements.
- Net owned Funds Compliance requirements

f. Consumer Protection and Fair Practices Code

- Guidelines for fair practices in lending
- Grievance redressal mechanisms
- Transparency in terms and conditions of financial products

g. Risk Management and Internal Controls

- Risk management framework for NBFCs.
- Key risk areas and mitigation strategies
- Role of internal controls in ensuring compliance

h. Consequences of Non-Compliance

- Penalties and enforcement actions by RBI
- Impact on reputation and business operations
- Case studies of non-compliance in NBFCs

3. Training Methods

- Presentations and Lectures:** Detailed explanations of regulatory requirements and compliance practices.
- Training Materials
- Compliance checklists and templates
- Access to relevant RBI circulars and guidelines

4. Evaluation and Feedback

Continuous assessments and post assessments discussions and feedback will be gathered to improve the future training sessions.