

# **AEBC INDIA INSTITUTIONAL DEPOSIT POLICY**

## **1.0 OVERVIEW AND PURPOSE**

Reserve Bank of India has, by its letter DBOD.IBD.No.11646/23.03.018/2007-08 dated February 27, 2008, permitted American Express Banking Corp., India (“AEBC India” or the “Bank”) to accept Institutional Deposits. It is imperative that employees of AEBC India are fully conversant with all aspects relating to the business of accepting and maintaining Institutional Deposits. This Policy lays down the framework within which Institutional Deposits may be accepted. This Policy supersedes any previous document, procedure or practice pertaining to acceptance of Institutional Deposits.

This policy shall be referred to as the ‘AEBC India Institutional Deposits Policy’. Any amendments made to this policy must be in accordance with the applicable law or regulations affecting the subject matter of this policy and shall be deemed to have been incorporated herein immediately upon such law or regulation taking effect, notwithstanding that the same may not have been specifically incorporated herein by an amendment made under this Policy.

## **2.0 POLICY SCOPE**

This policy reflects the commitment of AEBC to comply with all applicable laws, regulations and standards with regard to acceptance of Institutional Deposits and all matters incidental thereto. This policy applies to AEBC, India and is to be read and adhered to in conjunction with applicable legal and regulatory requirements stipulated from time to time by the appropriate statutes, regulators and authorities as well as applicable AEBC and American Express policies having a bearing on any matter covered by this policy.

## **3.0 PRODUCT FEATURES**

- **Nature:** Institutional Deposits are in the nature of what are commonly known as Fixed Deposits, Term Deposits or Time Deposits.
- **AEBC India Discretion:** AEBC India reserves absolute discretion whether to accept or renew a Deposit at any time. AEBC shall not be bound to accept or renew any Deposit nor to assign any reason whatsoever therefor.
- **Currency:** AEBC India shall accept Deposits only in Indian Rupees.
- **Target Customers:** Customers from whom such Deposits will be solicited/accepted shall be companies, limited liability partnerships, registered partnerships, Trusts, Registered Associations, Societies, Clubs and NGOs, who have an active relationship with AEBC’s Global Corporate Services (GCS) business. AEBC India shall not accept any Deposits from individuals, HUFs or Proprietorships or from any entity as specified above who does not have an active GCS relationship with AEBC. Any exception to the requirement related to GCS backed relationship would require prior approval from AEBC India CEO.
- **Size:** Minimum Indian Rupees 1.5 Million.
- **Tenure:** Deposits shall have a minimum tenure of 7 days.

- **Premature withdrawals:** The deposits can be classified into two type i.e.
  - a) ***Deposits with premature withdrawal facility*** - In case of deposits with premature withdrawal facility, the penalty on a premature withdrawal shall be disclosed at the time of making the Deposit as per the Terms & Conditions. However AEBC India may, in its sole discretion reduce or waive the penalty with the approval of the CEO or his designate.
  - b) ***Deposits without premature withdrawal facility*** - For deposits without premature withdrawal facility, withdrawals should not ordinarily be permitted before the maturity of the deposit except at the discretion of AEBC India. AEBC India will also have the right to invoke the lien prematurely to set off against any outstanding, if the situation demands.
- **Bulk Deposits:** Single Rupee term deposits of Rupees two crore and above.
- **Interest Rate:** The rate of interest applicable to the deposits based on amount, tenure and pre mature withdrawal feature shall be declared in accordance with the provisions of Para 5.5 from time to time and shall apply to all Deposits of the same amount and tenure if received at the same time. All transactions, involving payment of interest on deposits may be rounded off to the nearest Rupee for Rupee deposits.
- **No Borrowing:** The depositor will not be entitled to any borrowing against the security of the Deposit, except as permitted by AEBC, at AEBC's sole discretion.
- **Lien:** Institutional Deposits may be kept under Lien against American Express Corporate cards/BTA/CPC or such other corporate card products issued or to be issued to AEBC India's customers. A Lien on the Deposit will usually be created when a customer executes the document known as Letter of Set Off under an authority as per the Board Resolution or any other document authorizing the officials of the Customer to sign the document. The Letter of Set Off provides an unfettered right to AEBC India to offset a deposit against a card outstanding balance if the Customer has defaulted in repayment of card outstanding.
- **Terms & Conditions:** All deposits shall be governed by the terms and conditions accompanying the Deposit application.

### 3.1 Documents to be obtained before acceptance of a Deposit for the first time

- **Account Opening Form:** A depositor from whom a Deposit is to be accepted for the first time will be required to provide a duly filled Account Opening Form as per instructions mentioned on the form
- **Legal Entity Documents:** The depositor also need to provide all the applicable information/documents including its constitutional documents related to the depositing entity type (i.e. Company, Partnership, Trust etc.) including the Income Tax PAN, identification document, address proof etc. as per Anti-Money Laundering Procedures.
- **Authorized Signatory/ Beneficial Owner Documents:** All the authorized signatories and identified beneficial owners of the depositing entity need to provide self-attested copy of Identification document and address proof as per the list of officially valid documents mentioned in the Anti-Money Laundering Procedures.
- **Other Mandatory Documents related to Depositing Entity:**

- a) **IDLC Addendum** for secured corporate card available in Account Opening Booklet and needs to be signed & stamped by the authorized signatory (only in case of IDLC)
- b) **Letter of Set-off** on Depositor's/ legal entity's letter head (only in case of IDLC)
- c) **Beneficial Owner Form** duly filled and signed by Sales Relationship Manager and his manager
- d) **Depositing Entity's shareholding pattern** on their letter head, duly signed & stamped by authorized signatory
- e) **Foreign Account Tax Compliance Act (FATCA) Form** to be duly filled as per applicable entity type and signed & stamped by the authorized signatory of the depositing entity
- f) **Common Reporting Standard (CRS) Form** for depositing entity to be duly filled and signed by the authorized signatory along with stamp.

- **Amount for the Term Deposit** should be received by either a cheque drawn by the depositor on his account, or Bank Draft or through NEFT or RTGS from depositor's own account.

**Note:**

The above document requirements may change from time to time due to regulatory changes, therefore this list must be always reviewed in accordance with AEBC 7.01 Anti Money Laundering Program Anti-Money Laundering Procedures prior to collection of documents from the customer to ensure complete adherence to regulatory requirement.

### 3.2 Documents to be obtained before acceptance of further deposits

- At the time of acceptance of further deposits from a depositor, who has once complied with the requirement listed in the above section 3.1 at the time of acceptance of the initial Deposit, the depositor will be required to make an application for placing further Deposit.
- Amount for the additional term deposit should be received by a Cheque drawn by the depositor on his account with another bank, or Bank Draft or through NEFT or RTGS from depositor's own account.

### 3.3 Deposit Advices/Receipts

- **Deposit Advice:**
  - ✓ AEBC India will issue to the depositor a Deposit Advice in case the deposit is not placed under lien. In case the Deposit Advice is computer-generated it will not require any signature on behalf of AEBC India.
  - ✓ Deposit Advices will not be required to be returned to AEBC India at the time of withdrawal, rollover or reinvestment of the Deposit.
- **Deposit Receipt**
  - ✓ AEBC India will issue a copy of the Term Deposit Receipt to the depositor in case the deposit is placed / marked under lien by AEBC that will bear signature(s) of authorized signatory on behalf of AEBC India. AEBC will retain the original Term Deposit Receipt as part of the collateral documents.

### 3.4 Interest

- The rates at which interest will be payable on Deposits shall be determined in line with the Bank's Methodology for determination of Interest rates on institutional deposits
- The rate of interest shall be approved by the India Country ALCO or its Sub Committee for Investments and Pricing

- AEBC India will have the discretion to offer differential interest rates based on whether the term deposits are with or without-premature-withdrawal-facility.
- The Bank shall ensure that at the customer interface point the customers are provided an option to choose between term deposits either with or without premature withdrawal facility.
- AEBC India will publish and circulate the rates whenever there is a change.
- AEBC India shall offer fixed rates of interest on Deposits.
- Interest calculations will be based on a 365 days to a year basis.
- The interest will be paid on Deposits on an annual basis or on maturity, whichever is earlier. In case of Deposits for tenure of more than 1 year, interest may be compounded on an annual basis at the discretion of the Bank.
- No interest will be payable, where premature withdrawal of deposits takes place before completion of the minimum tenure as prescribed in section 3.0.

### **3.5 Repayment of Deposits**

- Repayment of Deposit and interest shall be made only to the depositor by crossed Cheque or RTGS/NEFT. Repayment of a deposit and interest shall not be made to any party other than the depositor.
- Before making the repayment of a Deposit it shall be ensured that:
  - All TDS as applicable has been deducted.
  - There is no prohibitory order from any statutory authority restraining the repayment of the Deposit.
  - There is no outstanding in any other form overdue from the depositor to AEBC India for which AEBC India is entitled to exercise the right of lien and set off.
  - In the event Deposit Receipt had been issued to the depositor, the same shall be received back from the depositor duly discharged.
  - In case the depositor has given rollover instructions, then, the same shall be complied with in accordance with the provisions of those instructions; In case there are no instructions, the deposit will be rolled over in line with the Terms & Conditions.
  - In case the Deposit maturity falls on a holiday, the Deposit maturity will happen on the next working day after the original maturity date. The maturity value repaid to the depositor will include the interest until the Deposit is kept with AEBC India. Deposits may be rolled over on non-business days at the discretion of the Bank.

### **3.6 Premature Withdrawals**

- In line with Reserve Bank of India guidelines, AEBC India will offer two types of deposits i.e. (a) deposits with the option of premature withdrawal and (b) deposits without the option of premature withdrawal. Bank will have the discretion to offer differential rate of interest based on whether the deposit is with or without premature withdrawal facility.
- At the request of the depositor, premature withdrawals shall be allowed, only for the deposits offered with the premature withdrawal facility; For deposits with 'without premature withdrawal' facility, withdrawals should not ordinarily be permitted before the maturity of the deposit except at the discretion of AEBC India. AEBC India will also have the right to invoke the lien prematurely to set off against any outstanding, if the situation demands.
- Requests for premature withdrawals shall be only by written notice from the depositor and as per details provided in the Term Deposit Repayment/ Withdrawal Form along with a copy of cancelled cheque.

- AEBC India may apply a penalty for premature withdrawals at its discretion. The penalty on a premature withdrawal shall be disclosed at the time of making the Deposit. On premature withdrawal of a Deposit, interest shall be payable at the rate applicable to the period for which the Deposit actually remained with AEBC India, less 1% penalty for premature withdrawal. However AEBC India may, in its sole discretion reduce or waive the penalty with the approval of the CEO or his designate.
- Notwithstanding the provisions above, no interest shall be payable if the premature withdrawal is within the first 6 days from the date of the creation of the Deposit.

### **3.7 Overdue Deposits**

- Ordinarily there will be no overdue deposits if disposal instructions are taken in advance from depositors in respect of the deposits.
- In case a deposit becomes overdue, AEBC India shall in its sole discretion, rollover the deposit for the same tenure but at the rate of interest prevailing at the time of rollover in line with the terms and conditions set out.

### **3.8 Tax Deduction at Source**

- AEBC India shall be responsible for deduction of tax at source on interest paid by AEBC India on Deposits
- Tax is required to be deducted notionally, as of the financial year end, on interest accrued though not applied. This notional tax shall be recovered from the depositor on next interest application or payout
- In case at the time of maturity, the required tax deduction is not possible from the interest amount, then, the shortfall shall be recovered from the principal amount of the deposits before payment of the proceeds to the depositor.
- In case of premature withdrawals, if TDS has already been deducted, the same shall not be refunded.
- Within such period as may be prescribed by law from time to time, TDS Certificates shall be issued to the respective depositors.

### **3.9 Compliance Requirements**

In addition to the other requirements of this Policy, the following requirements shall also be fully complied with at all times:

- No commission, incentives or payments shall be made for securing Deposits. AEBC's AML Policy and Procedures shall be strictly adhered to and Deposits shall be closely monitored in accordance with the AML requirements.

### **3.10 Preservation of Records**

- Records relating to active Deposits shall be stored in fire-resistant cabinets.
- Provisions of the AEBC Policy relating to Record Retention shall be adhered to and Records relating to Institutional Deposits including rate card shall be retained as per the Records Retention Schedule listed under the AEBC 4.11 Record Retention Policy.

### **3.11 Secrecy & Confidentiality**

- AEBC will not disclose details/particulars of the customer's account to a third person or party without the expressed or implied consent from the customer. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a duty to public to disclose and where interest of the Bank requires disclosure.

## **4.0 POLICY APPROVAL REQUIREMENTS**

This policy must be reviewed and approved at least annually. Additional reviews could be triggered by major changes in strategy, the regulatory environment or financial market conditions.

## **5.0 RELATED POLICIES, GUIDELINES AND SUPPORTING DOCUMENTS**

The following is a list of related policies and related guidelines:

This policy should be used in conjunction with, but not limited to, the following RBI guidelines:

RBI/2012-13/393 DBOD.No.Dir.BC.74/13.03.00/2012-13 dated January 24, 2013 – Interest rate on Premature Withdrawal of Rupee Term Deposits.

RBI/2014-15/554 DBR.No.Dir.BC.87/13.03.00/2014-15 dated April 16, 2015 - Interest Rates on Deposits.

Master Direction DBR.Dir.No. 84/13.03.00/2015-16 dated March 03, 2016 – Master Direction (Interest Rate on Deposits) Directions, 2016.

## **6.0 POLICY REVISION HISTORY**

Previous Version: November 2019

Current Version: November 2020