

ANNEX - III

(List of Circulars on 'Know your customer' and monitoring of cash transactions)

Sr. No.	Circular No. and date	Subject	Gist of instructions
1	DBOD.BP.BC.92 /C.469-76 dated 12 th August, 1976	Issue of DDs/TTs in excess of Rs.5000/-	Applicants (whether customer or not) for DD/MT/TT/Travellers cheques for amount exceeding Rs.10,000/- should affix Permanent Income Tax Number on the application.
2	DBOD.GC.BC.6 2/c.408(A)/87 dated 11 th November, 1987	Frauds in banks- opening of new accounts.	Payment for imports should be made by debit to the accounts maintained with the same bank or any other bank and under no circumstances cash should be accepted for retirement of import bills. There should be reasonable gap of say, 6 months between the time an introducer opens his account and introduces another prospective account holder to the bank. Introduction of an account should enable proper identification of the person opening an account so that the person can be traced if the account is misused.
3	DBOD.BP.BC.11 4/C.469 (81)-91 dated 19 th April,	Misuse of banking channels for violation of fiscal	Banks to issue travellers cheques, demand drafts, mail transfers, telegraphic transfers for

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	1991	laws and evasion of taxes – Issue and payment of demand drafts for Rs.50,000 and above.	Rs. 50,000/- and above by debit to customers accounts or against cheques only and not against cash.
4	DBOD.BC.20/17.04.001/92 dated 25 th August, 1992	Committee to enquire into various aspects relating to frauds and malpractices in banks.	Banks advised to adhere to the prescribed norms and safeguards while opening accounts etc.
5	DBOD.BP.BC.60 /21.01.023/92 dated 21 st December,1992	Diversion of working capital funds.	Banks to ensure that withdrawals from cash credit/overdraft accounts are strictly for the purpose for which the credit limits were sanctioned by them. There should be no diversion of working capital finance for acquisition of fixed assets, investments in associate companies/ subsidiaries and acquisition of shares, debentures, units of UTI and other mutual funds and other investments in the capital market.
6	DBOD.FMC.No. 153/27.01.003/93-94 dated 1 st September,1993	Monitoring of flow of funds.	Banks to be vigilant and ensure proper end use of bank funds/monitoring flow of funds. Banks to keep vigil over heavy

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			cash withdrawals by account holders which may be disproportionate to their normal trade/business requirements and cases of unusual trends. Doubtful cases to be reported to DBOD, Regional office.
7	DBOD.GC.BC.1 93/17.04.001/93 dated 18 th November, 1993	Frauds in banks – Encashment of Interest/Dividend Warrants, Refund Orders etc.	Banks to be vigilant in opening new accounts without proper introduction, new accounts with fictitious names and addresses. Banks instructed to strictly adhere to the instructions issued on opening and operating of bank accounts.
8	DBOD.GC.BC.2 02/17.04.001/93 dated 6 th December, 1993	The Committee to enquire into various aspects relating to frauds and malpractices in banks.	Customer identification while opening accounts including obtaining of photographs of customers while opening accounts.
9	DBOD.No.GC.B C.46/17.04.001 dated 22 nd April, 1994	The Committee to enquire into various aspects relating to frauds and malpractices in banks.	Clarifications given to banks regarding obtaining photographs of the depositors/account holder authorised to operate new accounts with effect from 1.1.1994. Obtaining of photographs would apply to residents and non-residents and

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			all categories of deposits including fixed/recurring/cumulative deposit accounts and also to those persons authorised to operate the accounts.
10	DBOD.BP.BC.10 6/21.01.001/94 dated 23 rd September, 1994	Fraudulent operations in deposit accounts- opening and collection of cheques/pay orders etc.	Banks to examine every request for opening joint accounts very carefully, look into the purpose, other relevant aspects relating to business, the financial position of the account holders and whether number of account holders are large. 'Generally crossed' cheques and payable to 'order' should be collected only on proper endorsement by the payee. Banks to exercise care in collection of cheques of large amounts and ensure that joint accounts are not used for benami transactions.
11	DBOD.BP.BC.57 /21.01.001/95 dated 4 th May, 1995	Frauds in banks – Monitoring of deposit accounts.	Banks to introduce system of close watch of new deposit accounts and monitoring of cash withdrawals and deposits for Rs.10 lakh and above in deposit, cash credit and overdraft accounts. Banks to keep record of details of these large cash transactions in a separate register.

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12	DBOD.BP.BC.10 2/21.01.001/95 dated 20 th September, 1995	Monitoring of Deposit Accounts.	Reporting of all cash deposits and withdrawals of Rs.10 lakhs and above with full details in fortnightly statements by bank branches to their controlling offices. Transactions of suspicious nature to be apprised to Head Office. RBI to look into these statements at the time of inspections
13	DBOD.BP.BC.42 /21.01.001/96 dated 6 th April, 1996	Monitoring cash deposits and withdrawals of Rs.10 lakh and above in deposit/other accounts.	Banks asked to submit feedback on implementation of the system of close monitoring of large cash deposits and withdrawals of Rs.10 lakh and above.
14	DBOD.No.BP.B C.12/21.01.023/ 98 dated 11 th February 1998	Furnishing of data-violation of secrecy obligations.	Banks should satisfy themselves that information sought will not violate the laws relating to secrecy in banking transactions except under compulsion of law, duty to the public to disclose, where interest of bank requires disclosure and where disclosure is made with the express or implied consent of the customer.
15	DBS.FGV.BC.56 .23.04.001/98-99 dated 21 st June,	Report of the Study Group on Large Value Bank	Banks advised to implement the main recommendations of the Study Group on Large Value Bank

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	1999	Frauds.	Frauds.
16	DBOD.COMP.B C.No.130/07.03. 23/2000-01 dated 14 th June, 2001	Internet Banking in India- Guidelines.	Banking facilities on Internet will be subject to the existing regulatory framework. Banks having physical presence in India only will be allowed to offer banking services over Internet to residents in India and any cross border transactions will be subject to existing exchange control regulations. Banks to establish identity and also make enquiries about integrity and reputation of the prospective customer. Internet accounts should be opened only after proper introduction and physical verification of the identity of the customer.
17	DBOD.BP.52/21. 01.001/2001-02 dated 5 th December, 2001	Prevention of Terrorism Ordinance,2001- Implementation thereof.	Banks should keep a watchful eye on the transactions of the 23 terrorist organisations listed in the Schedule to the Ordinance. Violations of the extant Acts or normal banking operations must be reported to the appropriate authorities under the Ordinance under advice to RBI. Banks to undertake 'due diligence' in respect of the 'KYC' principle.

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18	DBOD.AML.BC. 89/14.01.001/20 01-02 dated 15 th April, 2002	Freezing of funds pursuant to United Nations Security Council Resolution, 1390.	Accounts of individuals and entities listed should be immediately frozen as informed by the Security Council Sanctions Committee of the UN. If any transaction is detected involving any of these entities, banks to report to RBI promptly for necessary action.
19	DBOD.AML.BC. No.102/14.01.00 1/2001-02 dated 10 th May,2002	Monitoring of accounts - compliance with instructions.	Banks should ensure that no new accounts are opened by banned organisations. Banks to strictly adhere to the extant guidelines regarding opening and monitoring of accounts. Banks to confirm having issued instructions for immediate compliance by the branches and controlling offices.
20	DBOD.AML.BC. 18/14.01.001/20 02-03 dated August 16, 2002	Guidelines on "Know Your Customer" norms and "Cash transactions"	First circular on KYC. The customer identification should entail verification through an introductory reference from an existing account holder/a person known to the bank or on the basis of documents provided by the customer. The Board of Directors of the banks should have in place

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			adequate policies that establish procedures to verify the bonafide identification of individual/ corporates opening an account. Branches of banks are required to report all cash deposits and withdrawals of Rs.10 lakhs and above as well as transactions of suspicious nature with full details in fortnightly statements to their controlling offices.
21	DBOD.NO.AML.BC.58/14.01.001/2004-05 dated November 29, 2004	'Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards	Our guidelines were revisited to make those compliant with FATF recommendations and Basel Committee Report on CDD. Four pronged approach was prescribed to banks based on Customer Acceptance Policy, Customer Identification Procedure, Monitoring of Transaction and Risk Management.
22	DBOD.NO.AML.BC.28/14.01.001/2005-06 dated August 23, 2005	Know Your Customer Guidelines- Anti-Money aundering Standards	KYC guidelines on document requirement were relaxed for people belonging to financially disadvantageous sections in the society, who could open account with introductory reference.

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23	DBOD.NO.AML.BC.63/14.01.001/2005-06 dated February 15, 2006	Prevention of Money Laundering Act, 2002 – Obligation of banks in terms of Rules notified thereunder	Reporting mechanism and formats were prescribed to banks to report cash and suspicious transactions to Financial Intelligence Unit- India (FIU-IND).
24	DBOD.AML.BC.No.77/14.01.001 / 2006-07 April 13, 2007	Wire transfers	Banks were advised to ensure that all wire transfers involving domestic and cross boarder fund transfers are accompanied by full originator information.
25	DBOD.AML.BC.No. 63/14.01.001/2007-08 dated February 18, 2008	Know Your Customer (KYC) Norms/Anti Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)	Revised guidelines on KYC/AML issued on review of risk categorization of customers; periodical updation of customer identification data and screening mechanism for recruitment /hiring process of personnel.

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26	DBOD.AML.BC. No. 85/14.01.001/ 2007-08 dated May 22, 2008	Prevention of Money Laundering Act, 2002 – Obligation of banks in terms of Rules notified thereunder.	Revised guidelines issued on CTR and STR by banks to FIU-IND.
27	DBOD.AML.BC. No.12/14.01.001/2008-09 dated July 1, 2008	Master Circular – KYC norms/AML Standards/CFT/ Obligation of Banks under PMLA, 2002	The Master Circular consolidates all the guidelines issued by Reserve Bank of India on KYC/AML/CFT norms up to June 30, 2008