

RBI/2007-2008/97

UBD (PCB) Cir No. 8/16.12.000/2007-08

July 17, 2007.

The Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Dear Sir/Madam,

**Appointment of UCBs as agents /
Sub- agents under Money Transfer Service Schemes.**

Please refer to our circular UBD.POT/14/09.132.00/02-03 dated September 16, 2002 on the above subject, prohibiting UCBs to act as agents/sub-agents under Money Transfer Service Schemes.

2. We advise that the matter has been revisited and it has been decided that UCBs holding AD category I or II category licence may act as agents/sub-agents under Money Transfer Service Schemes which are in conformity with the guidelines issued by our Foreign Exchange Department, subject to the following conditions:

- (i) Bank's adherence to AML/KYC standards should be satisfactory.
- (ii) The principal should maintain foreign currency deposits (USD) with the designated bank in favour of the agent which, at present, is equivalent to 3 days' average payout or USD 50, 000 , whichever is higher.
- (iii) Where the UCB is acting as a sub-agent, the agent should also maintain with the designated bank, security deposits equivalent to 3 days' average payout or Rs 20.00 lakh, whichever is higher, in favour of the UCB sub-agents concerned.
- (iv) The UCBs should ensure that the payouts not reimbursed do not, at any point of time, exceed the security deposits placed by the overseas principal /agent, as the case may be.
- (v) No UCB should appoint any other UCB/entity as its sub-agent.

Yours faithfully,

(N.S.Vishwanathan)
Chief General Manager-in-Charge