

October 17, 2007

To,

All Authorised Persons in Foreign Exchange

Madam / Sir,

Anti-Money Laundering Guidelines

Attention of all Authorised Persons is invited to the Anti-Money Laundering guidelines for Authorised Money Changers issued vide A. P. (DIR Series) Circular No.18 {A.P. (FL Series) Circular No.01} dated December 2, 2005 and A. P. (DIR Series) Circular No.39 {A. P. (FL Series) Circular No.02} dated June 26, 2006. In view of the difficulties expressed by Money Changers Association in implementing some of the guidelines, it has been decided to amend the following instructions of the aforementioned circulars (the Circulars).

(a) In terms of paragraph 4 (c) of the Annex to A. P. (DIR Series) Circular No.39 {A. P. (FL Series) Circular No.02} dated June 26, 2006 requests for payment in cash by foreign visitors / non-resident Indians may be acceded to the extent of USD 2000 or its equivalent. This limit has been raised to USD 3000. All other provisions of paragraph 4(c) of the Annex to the Circulars remain unchanged.

(b) In terms of paragraph 6 of Annex to A. P. (DIR Series) Circular No.18 {A.P. (FL Series) Circular No.01} dated December 2, 2005, relationship with a business entity like a company / firm should be established only after obtaining and verifying suitable documents in support of the name, address and business activity, such as certificate of incorporation under the Companies Act 1956, Memorandum of Association, Articles of Association, registration certificate of a firm (if registered), partnership deed, etc. It has now been decided that in addition to the above mentioned documents, PAN Card may also be accepted as a suitable document for establishing the relationship with the company / firm. All other provisions of paragraph 6 of the Annex to aforementioned circular shall remain unchanged.

2. Authorised persons may bring the contents of this circular to the notice of their constituents and customers concerned.

3. Necessary amendments to the Memorandum of Instructions to Authorized Money Changers are being issued separately.

4. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999). Non-compliance with the guidelines would attract penal provisions of Section 11(3) of the Act *ibid*.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager