

November 15, 2007

All Scheduled Commercial Banks

Dear Sir,

Internet Banking – Internet based Platforms for dealing in Rupee Vostro Accounts

Please refer to our circulars DBOD Comp BC No. 130/07.03.23/2000-01 dated June 14, 2001 and DBOD Comp BC No. 1658/07.03.29/2006-07 dated August 22, 2006 containing guidelines for Internet Banking in India.

2. On a review, it has been decided that banks may permit internet based operations on Rupee Vostro Accounts maintained by exchange houses or banks outside India with them, provided the banks in India ensure that the software will prevent any unauthorised operation. The internet based operations on vostro accounts are being permitted subject to the conditions that:

- (i) Banks will remain responsible for secrecy, confidentiality and integrity of data.
- (ii) Banks should strictly comply with FEMA rules/regulations issued in connection with operations/maintenance of vostro accounts in India.
- (iii) Banks should strictly adhere to KYC and AML standards and procedures relating to correspondent banking/exchange houses.

3. In all other matters relating to internet banking services, banks may continue to be guided by the instructions contained in our circulars DBOD Comp BC No. 130/07.03.23/ 2000-01 dated June 14, 2001 and DBOD Comp BC No. 14/07.03.29/2005-06 dated July 20, 2005 respectively on internet banking.

4. Please acknowledge receipt.

Yours faithfully,

(Vinay Baijal)
Chief General Manager