



RBI/ 2010-11/410

UBD. BPD. (PCB) No. 37 /12.05.001/2010-11

February 18, 2011

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

Dear Sir,

**Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards/  
Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA,  
2002**

Please refer to our circular [UBD. PCB. Cir. 30/09.161.00/2004-05 dated December 15, 2004](#) on Know Your Customer (KYC) norms and Anti-Money Laundering (AML) standards.

2. In terms of Paragraph 2 (vi) of the guidelines on “Know Your Customer” norms and Anti-Money Laundering measures appended to the above circular, banks are required to apply enhanced due diligence measures on higher risk customers. Some illustrative examples of customers requiring higher due diligence have also been given in the paragraph under reference. It is further advised that in view of the risks involved in cash intensive businesses, accounts of bullion dealers (including sub-dealers) & jewellers should also be categorised by banks as ‘high risk’ requiring enhanced due diligence.

3. In terms of Paragraph 4 of the Circular cited above, banks are also required to subject these ' high risk accounts ' and the transactions to intensified monitoring. It is advised that high risk associated with such accounts should be taken into account by banks to identify suspicious transactions for filing Suspicious Transaction Reports (STRs) to FIU-IND.

4. These guidelines are issued under Section 35A of the Banking Regulation Act, 1949 (AACS) read with Rule 7 of Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005. Any contravention thereof or non-compliance shall attract penalties under the relevant Act / Rules.

Yours faithfully,

(Uma Shankar)  
Chief General Manager