



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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DNBS(PD).CC. No 275 /03.10.42 /2011-12

May 29, 2012

All Non Banking Financial Companies /
Residuary Non Banking Companies

Dear Sir,

Know Your Customer(KYC) guidelines -accounts of proprietary concerns

A reference is invited to Para 1 and Annex vi of the [Master Circular DNBS \(PD\) CC No.231/03.10.42/2011-12 dated July 1, 2011](#) on Master Circular – 'Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards (AML) -'Prevention of Money Laundering Act, 2002. NBFCs have been advised that internal guidelines for customer identification procedure of legal entities may be framed by them based on their experience of dealing with such entities, normal lenders prudence and the legal requirements as per established practices. If the NBFCs/RNBCs decide to accept such accounts in terms of the Customer Acceptance Policy, the NBFC should take reasonable measures to identify the beneficial owner(s) and verify his / her / their identity in a manner so that it is satisfied that it knows who the beneficial owner(s) is / are.

2. For sake of clarity, in case of accounts of proprietorship concerns, it has been decided to lay down criteria for the customer identification procedure for account opening by proprietary concerns. Accordingly, apart from following the extant guidelines on customer identification procedure as applicable to the proprietor, NBFCs/RNBCs should call for and verify the following documents before opening of accounts in the name of a proprietary concern :

i) Proof of the name, address and activity of the concern, like registration certificate (in the case of a registered concern), certificate/licence issued by the Municipal authorities under Shop & Establishment Act, sales and income tax returns, CST / VAT certificate, certificate / registration document issued by Sales Tax / Service Tax / Professional Tax authorities, Licence issued by the Registering authority like Certificate of Practice issued by Institute of Chartered Accountants of India, Institute of Cost Accountants of India, Institute of Company Secretaries of India, Indian Medical Council, Food and Drug Control Authorities, etc.

ii) Any registration / licensing document issued in the name of the proprietary concern by the Central Government or State Government Authority / Department. NBFCs/RNBCs may also accept IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT as an identity document for opening of account.

iii) The complete Income Tax return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/ acknowledged by the Income Tax Authorities.

iv) Utility bills such as electricity, water, and landline telephone bills in the name of the proprietary concern.

v) Any two of the above documents would suffice. These documents should be in the name of the proprietary concern.

Yours faithfully,

(Dr Tuli Roy)
Deputy General Manager