



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI / 2009-10/174

RPCD.CO.RF.AML.BC. No. 28/07.40.00/2009-10

September 30, 2009

All State and Central 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 circulars [RPCD.AML.BC.No.80/07.40.00/2004-05](#) dated February 18, 2005 and [RPCD.CO.RF.AML.BC.65/07.02.12/2005-06](#) dated March 3, 2006 on the captioned subject.

Preservation Period of Records

2. The Prevention of Money Laundering (Amendment) Act, 2009 (No. 21 of 2009) has come into force with effect from June 01, 2009 as notified by the Government. In terms of Sub-Section 2(a) of Section 12 of The Prevention of Money Laundering (Amendment) Act, 2009 (PMLA, 2009), the records referred to in clause (a) of Sub-Section (1) of Section 12 shall be maintained for a period of ten years from the date of transaction between the clients and the banking company and in terms of Sub-Section 2(b) of Section 12 of the Act *ibid*, the records referred to in clause (c) of Sub-Section (1) of Section 12 shall be maintained for a period of ten years from the date of cessation of transaction between the clients and the banking company.

3. Accordingly, in modification of paragraph 5 of our circular dated March 3, 2006 referred to above, banks are advised to maintain for at least ten years **from the date of transaction** between the bank and the client, all necessary records of transactions referred to at Rule 3 of the 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 (PMLA Rules), both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved, if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

4. However, records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licences, PAN card, utility bills etc.) obtained while opening the account and during the course of business relationship, as indicated in paragraph 5 of the above said circular dated March 3, 2006, would continue to be preserved for at least ten years **after the business relationship is ended** as required under Rule 10 of the Rules *ibid*.

Accounts of Politically Exposed Persons

5. Detailed guidelines on Customer Due Diligence (CDD) measures to be made applicable to Politically Exposed Persons (PEPs) and their family members or close relatives are contained in Annex-I to our circular dated February 18, 2005 referred to above. It is further advised that in the event of an existing customer or the beneficial owner of an existing account, subsequently becoming a PEP, banks should obtain senior management approval to continue the business relationship and subject the account to the CDD measures as applicable to the customers of PEP category including enhanced monitoring on an ongoing basis.

Principal Officer

6. Banks have been advised in paragraph 9 of the guidelines on 'Know Your Customer' norms and Anti-Money laundering Measures enclosed to the circular dated February 18, 2005 that they should appoint a senior management officer to be designated as Principal Officer and the role and responsibilities of the Principal Officer have been detailed therein. With a view to enabling the Principal Officer to discharge his

responsibilities, it is advised that the Principal Officer and other appropriate staff should have timely access to customer identification data and other CDD information, transaction records and other relevant information. Further, banks should ensure that the Principal Officer is able to act independently and report directly to the senior management or to the Board of Directors.

Yours faithfully,

(R.C.Sarangi)
Chief General Manager