



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

RBI/2013-14/421

DBOD.AML.BC. No.80/14.01.001/2013-14

December 31, 2013

The Chairmen / CEOs of all Scheduled Commercial Banks  
(Excluding RRBs)/Local Area Banks / All India Financial Institutions

Dear Sir,

**Know Your Customer (KYC) Norms /Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under Prevention of Money Laundering Act (PMLA), 2002 – Amendment to Section 13(2)**

Please refer to our [Master circular DBOD.AML.BC.No. 24/14.01.001/2013-14 dated July 1, 2013](#) on Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002.

2. With the enactment of Prevention of Money Laundering (Amendment) Act, 2012 and amendment to Section 13 of the Act which provides for “Powers of Director to impose fine”, the section 13(2) now reads as under:

*“If the Director, in the course of any inquiry, finds that a reporting entity or its designated director on the Board or any of its employees has failed to comply with the obligations under this Chapter, then, without prejudice to any other action that may be taken under any other provisions of this Act, he may—*

*(a) issue a warning in writing; or*

*(b) direct such reporting entity or its designated director on the Board or any of its employees, to comply with specific instructions; or*

बैंकिंग परिचालन और विकास विभाग, केंद्रीय कार्यालय, केंद्रीय कार्यालय भवन, 13वीं मंजिल, शहीद भगत सिंह मार्ग, मुंबई – 400 001

फोन: 022-22701223, फैक्स: 022-22701239, ई-मेल: [cgmicdbodco@rbi.org.in](mailto:cgmicdbodco@rbi.org.in), वेबसाइट: [www.rbi.org.in](http://www.rbi.org.in)

Department of Banking Operations & Development, Central Office, Central Office Building, 13<sup>th</sup> Floor, Shahid Bhagat Singh Marg, Fort, Mumbai – 400 001

Phone : 022-22701223, Fax : 022-22701239, E-mail : [cgmicdbodco@rbi.org.in](mailto:cgmicdbodco@rbi.org.in), Website : [www.rbi.org.in](http://www.rbi.org.in)

हिंदी आसान है, इसका प्रयोग बढ़ाएँ

"Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers."

*(c) direct such reporting entity or its designated director on the Board or any of its employees, to send reports at such interval as may be prescribed on the measures it is taking; or*

*(d) by an order, levy a fine on such reporting entity or its designated director on the Board or any of its employees, which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure.”*

3. In view of the above amendment, banks may nominate a Director on their Boards as “designated Director” to ensure compliance with the obligations under the Prevention of Money Laundering (Amendment) Act, 2012.

Yours faithfully,

(Prakash Chandra Sahoo)  
Chief General Manager