



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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UBD. BPD (PCB). Cir.No.15/14.01.062/2014-15

September 16, 2014

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

Madam/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 Obligation of banks – Client Due Diligence measures - UCBs

Please refer to [paragraph 2](#) of our Master Circular UBD.BPD(PCB)MC.No.16/12.05.001/ 2014-15 July 1, 2014, as per which banks are required to:

- i. Undertake client due diligence measures while commencing an account-based relationship. Such measures include identifying and verifying the customer and beneficial owner on the basis of reliable and independent information and data or documentation.
- ii. Apply client due diligence measures to existing clients at an interval of two/eight/ten years in respect of high/medium/low risk clients respectively.
- iii. Carry out ongoing due diligence of existing clients in order to ensure that their transactions are consistent with the bank's knowledge of the client, his business and risk profile and where necessary, the source of funds.
- iv. Obtain 'positive confirmation' at two/three years in respect of medium and low risk customers respectively.

2. Taking into account the feedback received in this regard and keeping in view the provisions of the PML Rules, the matter has been reviewed. Accordingly, it is advised that while the requirements of client due diligence measures applied when establishing an account-based relationship and on-going due diligence would continue as indicated at

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बैंक हिन्दी में पत्राचार का स्वागत करता है

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिये कोई भी व्यक्तिगत जानकारी जैसे बैंक खाते का ब्यौरा, पासवर्ड आदि नहीं माँगा जाता है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी प्रकार से जवाब मत दीजिए।

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paragraph 1(i) to 1(iii) above, it has been decided to dispense with the requirement of 'positive confirmation' as indicated at paragraph 1(iv) above.

3. Further, the requirement of applying client due diligence measures to existing clients at an interval of two/eight/ten years in respect of high/medium/low risk clients respectively, would also continue taking into account whether and when client due diligence measures have previously been undertaken and the adequacy of data obtained. Physical presence of the clients may, however, not be insisted upon at the time of such periodic updations.

4. Banks may revise their KYC policy in the light of the above instructions and ensure strict adherence to the same.

Yours faithfully

(Suma Varma)
Chief General Manager