



RBI/2014-15/498

DBR.AML.BC.No.77/14.01.001/2014-15

March 13, 2015

**The Chairperson/CEOs of all Scheduled Commercial Banks  
Regional Rural Banks/ Local Area Banks / All India Financial Institutions**

Dear Madam/Sir,

**Know your Customer (KYC) guidelines - accounts of proprietary concerns**

Please refer to paragraph 2.5(h) of our [Master Circular no. DBOD.AML.BC.No.22/14.01.001/2014-15 dated July 1, 2014](#) on KYC norms and our [circular DBOD. AML.BC. No. 80/14.01.001/2009-10 dated March 26, 2010](#), prescribing norms for opening a bank account in respect of a sole proprietary firm and subsequent circulars dated August 31, 2010 and April 17, 2012 further relaxing the documents required for the same.

2. Reserve Bank has been receiving representations pointing out difficulties in complying with the requirement of furnishing two documents as activity proof while opening accounts of sole proprietary firms in certain cases. It is possible that in some types of activities there is genuine difficulty in procuring two such documents. The matter has, therefore, been reviewed with a view to ease the process of opening bank accounts of proprietary concerns in such cases. The default rule is that any two documents, out of those listed in paragraph 2.5 (h) of the Master Circular, should be provided as activity proof by a proprietary concern. However, in cases where the banks are satisfied that it is not possible to furnish two such documents, they would have the discretion to accept only one of those documents as activity proof. In such cases, the banks, however, would have to undertake contact point verification, collect such information as would be required to establish the existence of such firm, confirm, clarify and satisfy themselves that the business activity has been verified from the address of the proprietary concern.

बैंकिंग विनियमन विभाग, केंद्रीय कार्यालय, केंद्रीय कार्यालय भवन, 13वीं मंजिल, शहीद भगत सिंह मार्ग, मुंबई - 400 001

फोन: 022-22701203, फैक्स: 022-22701239, ईमेल: [cgmicdbr@rbi.org.in](mailto:cgmicdbr@rbi.org.in), वेबसाइट: [www.rbi.org.in](http://www.rbi.org.in)

Department of Banking Regulation, Central Office, Central Office Building, 13<sup>th</sup> Floor, Shahid Bhagat Singh Marg, Fort, Mumbai - 400 001

Phone : 022-22701203, Fax : 022-22701239, E-mail : [cgmicdbr@rbi.org.in](mailto:cgmicdbr@rbi.org.in), Website : [www.rbi.org.in](http://www.rbi.org.in)

हिंदी आसान है, इसका प्रयोग बढ़ाइए

"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."

3. It is also clarified here that the list of registering authorities indicated in paragraph 2.5 (h) of the Master circular is only illustrative and therefore includes license/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute, as one of the documents to prove the activity of the proprietary concern.

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

5. Please advise your Principal Officer to acknowledge receipt of this circular letter.

Yours faithfully,

(Lily Vadera)  
Chief General Manager