



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2014-15/383

DNBR(PD).CC.No.009/03.10.42/2014-15

January 2, 2015

All NBFCs

Dear Sirs,

Know your Customer (KYC) Norms/Anti-Money Laundering (AML) standards/ Combating of Financing of Terrorism (CFT)/ Obligation of NBFCs under Prevention of Money laundering Act (PMLA), 2002 - Client Due Diligence measures

Please refer to our [Master Circular DNBS\(PD\) CC.No.387/03.10.42/ 2014-15 July 1, 2014](#), as per which NBFCs are required to undertake 'Client Due Diligence' and apply such measures to existing clients based on risk categorisation. The periodicity of such updation should not be less than once in five years in the case of low risk category customers and not less than once in two years in case of high and medium risk categories.

2. The issue has been reviewed in the light of practical difficulties/constraints expressed in obtaining/submitting fresh KYC documents at frequent intervals as the relative documents submitted earlier specially by low-risk customers have remained unchanged in most of the accounts. Accordingly, it has been decided to amend the instructions as under:

- a) NBFCs would need to continue to carry out on-going due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and, wherever necessary, the source of funds.
- b) Full KYC exercise will be required to be done at least every two years for high risk individuals and entities.
- c) Full KYC exercise will be required to be done at least every ten years for low risk and at least every eight years for medium risk individuals and entities taking in to 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.
- d) Fresh photographs will be required to be obtained from minor customer on becoming major.

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3. Further NBFCs (i) need not seek fresh proofs of identity and address at the time of periodic updation, from those customers who are categorised as 'low risk', in case of no change in status with respect to their identities and addresses. A self-certification by the customer to that effect should suffice in such cases. In case of change of address of such 'low risk' customers, they could merely forward a certified copy of the document (proof of address) by mail/post, etc.

(ii) If an existing KYC compliant customer of NBFC desires to open another account in the same NBFC, there should be no need for submission of fresh proof of identity and/or proof of address for the purpose.

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

Yours faithfully,

(Sindhu Pancholy)
Deputy General Manager

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