



RBI/ 2010-11/346

DBOD. AML. BC. No.70/14 .01.001/2010-11

December 30, 2010

The Chairmen/CEOs of all Scheduled Commercial Banks (excluding RRBs) / All India Financial Institutions/Local Area 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 [Master Circular DBOD.AML.BC.No.2/ 14.01.001 / 2010 -11 dated July 01, 2010](#) on Know Your Customer (KYC) norms /Anti-Money Laundering (AML) standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002.

2. In terms of Para 2.3 (c) of the aforesaid Master Circular, banks are required to apply enhanced due diligence measures on higher risk customers. Some illustrative examples of customers requiring higher due diligence have also been given in the paragraph under reference. It is further advised that in view of the risks involved in cash intensive businesses, accounts of bullion dealers (including sub-dealers) & jewellers should also be categorised by banks as 'high risk' requiring enhanced due diligence.

3. Accordingly, in terms of paragraph 2.8 (a) of the Master Circular cited above, banks are also required to subject these ' high risk accounts ' to intensified transaction monitoring. High risk associated with such accounts should be taken into account by banks to identify suspicious transactions for filing Suspicious Transaction Reports (STRs) to FIU-IND.



4. These guidelines are issued under Section 35A of the Banking Regulation Act, 1949 read with Rule 7 of 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. Any contravention thereof or non-compliance shall attract penalties under the relevant Act/Rules.

Yours faithfully,

(Vinay Baijal)  
Chief General Manager