



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2010-11/320

December 22, 2010

A.P. (DIR Series) Circular No. 26

A.P. (FL Series) Circular No. 07

To,

All Authorised Persons, who are Indian Agents under Money Transfer Service Scheme.

Madam/ Sir

Know Your Customer (KYC) norms/ Anti-Money Laundering (AML) standards/ Combating the Financing of Terrorism (CFT)/ Obligation of Authorised Persons under Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 - Cross Border Inward Remittance under Money Transfer Service Scheme

Attention of all Authorised Persons, who are Indian Agents under Money Transfer Service Scheme (MTSS) is invited to Paragraph 5.10 (b) of Annex-I, Annex to [A.P. \(DIR Series\) Circular No.18 {A.P. \(FL Series\) Circular No.5} dated November 27, 2009](#) in terms of which Authorised Persons (Indian Agents) were advised to take into account risks arising from the deficiencies in AML/CFT regime of certain jurisdictions, as identified in FATF Statement (www.fatf-gafi.org) issued from time to time, while dealing with individuals from these jurisdictions.

2. The Financial Action Task Force (FATF) has issued a further Statement on June 25, 2010 on the subject ([copy enclosed](#)). It may be observed that the statement divides the strategic AML/CFT deficient jurisdictions into two groups as under:

a. Jurisdictions subject to FATF call on its members and other jurisdictions to apply countermeasures to protect the international financial system from the ongoing and substantial money laundering and terrorist financing (ML/TF) risks emanating from the jurisdiction : Iran

b. Jurisdictions with strategic AML/CFT deficiencies that have not committed to an action plan developed with the FATF to address key deficiencies as of June

2010. The FATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction: Democratic People's Republic of Korea (DPRK), Sao Tome and Principe.

3. All Authorised Persons (Indian Agents) are accordingly advised to take into account risks arising from the deficiencies in AML/CFT regime of these countries, while entering into business relationships and transactions with persons (including legal persons and other financial institutions) from or in these countries/ jurisdictions.

4. Authorised Persons (Indian Agents) may bring the contents of this circular to the notice of their constituents concerned.

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

6. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and also under the Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and 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 as amended from time to time. Non-compliance with the guidelines would attract penal provisions of the Acts concerned or Rules made there under.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge