



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

RBI/2010-11/293

A.P. (DIR Series) Circular No.21

A.P. (FL Series) Circular No. 04

November 30, 2010

To

All Authorised Persons, who are Indian Agents under the
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 the Authorised Persons, who are Indian Agents [APs (Indian Agents)] under the Money Transfer Service Scheme (MTSS) is invited to the [A.P. \(DIR Series\) Circular No. 18 \[A.P. \(FL/ RL Series\) Circular No. 05\] dated November 27, 2009](#) on 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 in respect of cross border inward remittances under Money Transfer Service Scheme (MTSS).

Countries which do not or insufficiently apply the FATF recommendations

2. In Annex – I, paragraph 5.10 (b) of the circular dated November 27, 2009 referred to above, Authorised Persons (Indian Agents) [APs (Indian Agents)] have been advised to take into account the risks arising from the deficiencies in AML/ CFT regime of the jurisdictions as identified in the FATF Statement issued from time to time, while dealing with individuals from these jurisdictions. It is advised that

APs (Indian Agents) should, in addition to the FATF Statements issued from time to time, also consider using publicly available information for identifying the countries, which do not or insufficiently apply the FATF Recommendations. Further, it is clarified that APs (Indian Agents) should also give special attention to business relationships and transactions with persons (including legal persons and other financial institutions) from or in countries that do not or insufficiently apply the FATF recommendations and jurisdictions included in FATF Statements.

3. In terms of Annex – I, paragraph 5.6 of the circular dated November 27, 2009 referred to above, it is advised that ongoing monitoring is an essential element of effective KYC procedures. In this regard, it is advised that APs (Indian Agents) should examine the background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in the FATF Statements and countries that do not or insufficiently apply the FATF Recommendations. Further, if the transactions have no apparent economic or visible lawful purpose, the background and purpose of such transactions should, as far as possible, be examined and written findings together with all the documents should be retained and made available to the Reserve Bank/ other relevant authorities, on request.

4. These guidelines would also be applicable *mutatis mutandis* to all Sub-agents of the Indian Agents under MTSS and it will be the sole responsibility of the APs (Indian Agents) to ensure that their Sub-agents also adhere to these guidelines.

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

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