

RBI/2010-11/212

DNBS(PD).CC. No 201/03.10.42 /2010-11

September 22, 2010

All Non Banking Financial Companies /
Residuary Non Banking Companies

Dear Sir,

Know Your Customer (KYC) Norms/ Anti- Money Laundering (AML) Standards/ Combating of Financing of Terrorism (CFT)

Please refer to Company Circular No 172 dated April 30, 2010 on the captioned subject giving details about risk arising from the deficiencies in AML / CFT regime of Iran, Angola, Democratic People's Republic of Korea(DPRK), Ecuador, Ethiopia, Pakistan, Turkmenistan and Sao Tome and Principe.

2. Financial Action Task Force (FATF) has issued a Statement dated June 25, 2010 on the subject ([Copy enclosed](#)) which divides the strategic AML/CFT deficient jurisdictions into two groups as under:

(i) 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/FT) risks emanating from the jurisdiction: **Iran**

(ii) 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 NBFCs/RNBCs are accordingly advised to take into account risks arising from the deficiencies in AML/CFT regime of these countries.

4. An acknowledged receipt of this circular may be submitted by the Compliance officer/ Principal Officer of the NBFCs to the concerned Regional Office of DNBS in whose jurisdiction the NBFC/RNBC is functioning.

Yours faithfully,

(Uma Subramaniam)
Chief General Manager-in-Charge
Encl: as above