

RBI/2023-24/24 DOR.AML.REC.111/14.01.001/2023-24 April 28, 2023
The Chairpersons/ CEOs of all the Regulated Entities

Dear Sir/Madam,

Amendment to the Master Direction (MD) on KYC

Please refer to the Master Direction (MD) on KYC dated February 25, 2016, as amended from time to time, in terms of which Regulated Entities (REs) have to undertake Customer Due Diligence (CDD), as per the process laid out therein, for their customers.

2. In this regard, on a review, it has been decided to amend the MD on KYC to (a) align the instructions with the recent amendments carried out in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, (b) incorporate instructions in terms of the Government Order dated January 30, 2023, titled "Procedure for Implementation of Section 12A of the Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005)"; (c) update certain instructions in accordance with FATF Recommendations; and (d) refine certain extant instructions post review. The changes carried out in the MD in this regard are provided in Annexure.

3. Accordingly, the relevant Sections of the MD on KYC are hereby amended to reflect the changes furnished in Annexure. The amended provisions in the MD shall come into force with immediate effect.

Yours faithfully,

Hezal Britto

The Reserve Bank of India (RBI) and the Central Bank of UAE (CBUAE) signed two MoUs today in Abu Dhabi for (i) establishing a Framework to Promote the Use of Local Currencies viz. the Indian rupee (INR) and the UAE Dirham (AED) for cross-border transactions; and (ii) cooperation for interlinking their payment and messaging systems. The MoUs were signed by the Governor of the Reserve Bank of India, Shri Shaktikanta Das and the Governor of the Central Bank of UAE, H.E. Khaled Mohamed Balama. The MoUs were exchanged between the two Governors, in the august presence of the Honourable Prime Minister of India, Shri Narendra Modi and His Highness Sheikh Mohamed Bin Zayed Al Nahyan, President of the UAE.

2. The MoU on establishing a framework for the use of local currencies for transactions between India and UAE, aims to put in place a Local Currency Settlement System (LCSS) to promote the use of INR and AED bilaterally. The MoU covers all current account transactions and permitted capital account transactions. Creation of the LCSS would enable exporters and importers to invoice and pay in their respective domestic currencies, which in turn would enable the development of an INR-AED foreign exchange market. This arrangement would also promote investments and remittances between the two countries. Use of local currencies would optimise transaction costs and settlement time for transactions, including for remittances from Indians residing in UAE.

3. Under the MOU on 'Payments and Messaging Systems', the two central banks agreed to cooperate on (a) linking their Fast Payment Systems (FPSs) – Unified Payments Interface (UPI) of India with Instant Payment Platform (IPP) of UAE; (b) linking the respective Card Switches (RuPay switch and UAESWITCH); and (c) exploring the linking of payments messaging systems i.e., Structured Financial Messaging System (SFMS) of India with the messaging system in the UAE.

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