

RBI/2009-10/ 219

DNBS(PD). CC 163/03.10.042/ 2009- 10

November 13, 2009

All Non-Banking Financial Companies,
Residuary Non-Banking Companies

Dear Sir,

Know Your Customer (KYC) Guidelines / Anti-Money Laundering (AML) Standards

Please refer to the Master Circular No. 151 dated July 01, 2009 on the captioned subject. All NBFCs (including RNBCs) are advised to take note of modifications to the above circular as under:

Accounts of Politically Exposed Persons (PEPs)

2. Detailed guidelines on Customer Due Diligence (CDD) measures to be made applicable to Politically Exposed Person (PEP) and their family members or close relatives are contained in Annex II to the [Master Circular No.151/03.10.42/2009-10](#) dated July 1, 2009. It is further advised that in the event of an existing customer or the beneficial owner of an existing account, subsequently becoming a PEP, NBFCs (including RNBCs) should obtain senior management approval to continue the business relationship and subject the account to the CDD measures as applicable to the customers of PEP category including enhanced monitoring on an ongoing basis.

Principal Officer

3. NBFCs (including RNBCs) have been advised in Para 10 of Annex I to the above said Master Circular dated July 1, 2009 that NBFCs (including RNBCs)

should appoint a senior management officer to be designated as Principal Officer and the role and responsibilities of the Principal Officer have been detailed therein. With a view to enable the Principal Officer to discharge his responsibilities, it is advised that the Principal Officer and other appropriate staff should have timely access to customer identification data and other CDD information, transaction records and other relevant information. Further, NBFCs (including RNBCs) should ensure that the Principal Officer is able to act independently and report directly to the senior management or to the Board of Directors.

Yours faithfully,

(A. Narayana Rao)
Chief General Manager In-Charge