



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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September 29, 2009

The Chief Executive Officer of
All Primary (Urban) Co-operative Banks

Dear Sir,

Know your Customer (KYC) guidelines - accounts of proprietary concerns

A reference is invited to the [circular UBD.CO.BPD.\(PCB\).No.30/09.161.00/2004-05](http://www.rbi.org.in/circular/UBD.CO.BPD.(PCB).No.30/09.161.00/2004-05) dated December 15, 2004 addressed to all Primary (Urban) Co-operative Banks on guidelines on 'Know Your Customer' norms.

2. In the recent past, a number of frauds have been reported by Urban Co-operative Banks (UCBs) in the accounts of proprietary concerns. The modus operandi followed was to open current accounts of certain proprietary concerns in names which were similar to those of other established firms/companies. Cheques issued in the name of the established firms/companies were pilfered and were collected through the accounts of the proprietary concerns having similar names. It was observed that in such cases, at the time of opening the accounts, the concerned banks had verified the identity of the individual proprietor/s but not that of the proprietary concern.

3. It has since been decided to lay down criteria for the customer identification procedure for opening accounts by proprietary concerns. UCBs may, therefore, call for and verify the following documents before opening of accounts in the name of a proprietary concern (the documents should be verified with the originals and certified copies should be retained by the bank).

(i) Identity as also the address proof of the proprietor, such as passport, PAN card, Voter ID card, Driving licence, Ration Card with photo, etc. - any one of these documents is to be obtained.

शहरी बैंक विभाग, केन्द्रीय कार्यालय, गारमेंट हाउस, पहली मंजिल, डॉ.ए.बी.रोड, वरली, मुंबई - 400 018, भारत

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बैंक हिन्दी में पत्राचार का स्वागत करता है ।

(ii) Proof of the name, address and activity of the concern, like registration certificate (in the case of a registered concern), certificate/licence issued by the Municipal authorities under Shop & Establishment Act, sales and income tax returns, CST/VAT certificate, Licence issued by the Registering authority like Certificate of Practice issued by Institute of Chartered Accountants of India, Institute of Cost Accountants of India, Institute of Company Secretaries of India, Indian Medical Council, Food and Drug Control Authorities, etc. - any two of the documents are to be obtained. These documents should be in the name of the proprietary concern.

4. These guidelines will apply to all new customers. In respect of the accounts of existing customers, the above formalities may be completed before December 31, 2009.

5. Other precautions prescribed, viz., exercising caution with respect to collection of high value cheques through newly opened accounts followed by large cash withdrawals, monitoring of transactions, risk management, reporting procedure to FIU-IND, etc would continue as per extant procedure.

6. Please acknowledge receipt.

Yours faithfully,

(Dr. Sathyan David)
General Manager