



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI/2009-10/245

UBD.No.BPD.PCB. 26 /09.11.200/2009-10

December 3, 2009

Chief Executive Officer  
All Primary (Urban) Cooperative Banks

Dear Sir / Madam,

**Marketing/Distribution of Mutual Fund/Insurance Products by Urban  
Cooperative Banks**

Please refer to our circulars UBD.No.BPD.PCB.Cir 9 / 09.11.200 / 2003-04 dated August 18, 2003 and [UBD.PCB.Cir.No. 42 / 09.11.200 / 2006-07](#) dated May 7, 2007 permitting Urban Cooperative Banks (UCBs) to undertake insurance business as corporate agent and/or on referral basis without risk participation subject to fulfilment of certain conditions. UCBs have been advised to sell insurance products to the bank's customers with adequate disclosure and transparency and they should not adopt any restrictive practice of forcing its customers to go in only for a particular insurance company in respect of products marketed by the bank. The customers should be allowed to exercise their own choice.

2. UCBs have also been allowed vide circular [UBD.BPD \(PCB\) Cir No. 44/09.18.100/2005-06](#) dated April 13, 2006 to market units of Mutual Funds as agents.

3 In conducting the activities referred to above, it is likely that banks may be marketing / referring, several competing products of various mutual fund / insurance companies to their customers. Keeping in view the need for transparency in the interest of the customers to whom the products are being marketed / referred, it has since been decided that banks should disclose to the customers, details of all the

commissions / other fees (in any form) received, if any, from the various mutual fund / insurance companies for marketing / referring their products.

4. The above instructions will come into force with immediate effect.

Yours faithfully

(A.K. Khound)  
Chief General Manager-in-Charge

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