



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2013-14/618
DNBS(PD).CC. No 378 /03.10.42 /2013-14

May 29, 2014

All Non Banking Financial Companies

Dear Sirs,

Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Standards /Combating of Financing of Terrorism (CFT) / Obligation of NBFCs under Prevention of Money Laundering Act (PMLA), 2002 - Amendment to Section 13(2)

Please refer to paragraph III of [Master Circular DNBS \(PD\).CC.No.339 /03.10.42/ 2013-14 dated July 1, 2013](#) on Know Your Customer (KYC) Guidelines / Anti-Money Laundering Standards (AML) / Prevention of Money Laundering Act (PMLA), 2002-Obligations of NBFCs in Terms of Rules Notified thereunder.

2. With the enactment of Prevention of Money Laundering (Amendment) Act, 2012 and amendment to Section 13 of the Act which provides for "Powers of Director to impose fine", the section 13(2) now reads as under:

"If the Director, in the course of any inquiry, finds that a reporting entity or its designated director on the Board or any of its employees has failed to comply with the obligations under this Chapter, then, without prejudice to any other action that may be taken under any other provisions of this Act, he may—

(a) issue a warning in writing; or

(b) direct such reporting entity or its designated director on the Board or any of its employees, to comply with specific instructions; or

(c) direct such reporting entity or its designated director on the Board or any of its employees, to send reports at such interval as may be prescribed on the measures it is taking; or

(d) by an order, levy a fine on such reporting entity or its designated director on the Board or any of its employees, which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure."

3. In view of the above amendment, NBFCs may nominate a Director on their Boards as "designated Director" to ensure compliance with the obligations under the Prevention of Money Laundering (Amendment) Act, 2012.

Yours faithfully,

(Sindhu Pancholy)
Deputy General Manager

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