Ref.No.NB.DoS.HO.POL. 2071   /J.1/2004-05

Circular No.   231   /DoS. 40   /2004

28 August 2004

The Chief Executive Officer/General Manager
All State/District Central Cooperative Banks

Dear Sir,

Guidelines on 'Know Your Customer' Norms -
Existing Accounts

Please refer to our Circular No.NB.DoS.HO.POL.271/J.1/2002-03 (Circular No.101/DoS.14/2003) dated 30 April 2003 on the "Know Your Customer" (KYC) guidelines to be followed by banks. It was advised in paragraph 3 of the above circular that in case of any omission in adhering to the usual procedures in respect of the existing accounts, KYC procedures may be completed at the earliest. Further,   vide   our   Circular   letter   No.NB.DoS.HO.POL.820/J.1/   2004-05   (Circular No.145/DoS.19/2004) dated 15 June 2004, banks were advised to complete the KYC procedure in regard to existing accounts as per the time schedule prescribed therein.

2.   We presume that you have already formulated a KYC policy in consultation with your Board, which should be adhered to for opening all new accounts. However, with a view to ensuring that existing small account holders are not inconvenienced and the KYC procedure is completed in time, it has been decided that the banks may limit the application of KYC procedures to existing accounts where the credit or debit summation for the financial year ended March 31, 2003 is more than Rs. 10 lakhs for State Cooperative Banks and more than Rs.5 lakhs for DCCBs or where unusual transactions are suspected. This process may be completed by December 31, 2004.

3.   All State/District Central Cooperative banks may, however, ensure that KYC procedures are applied to all existing accounts of trusts, companies/firms, religious/charitable organisations and other institutions or where the accounts are opened through a mandate or power of attorney. The KYC procedures may be applied diligently to suit local conditions and completed by December 31, 2004.

4.   Please acknowledge recceipt of this circular to our Regional Office.

Yours faithfully,

   Sd/-

(A.N. Rajwani)
General Manager