



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2009-10/112

A. P. (DIR Series) Circular No.06

A. P. (FL/RL Series) Circular No. 01

August 3, 2009

To,

All Authorised Persons in Foreign Exchange

Madam / Sir,

Memorandum of Instructions governing money changing activities

Attention of Authorised Persons is invited to paragraph (C) 4 of Annex-I to the Memorandum of Instructions governing money changing activities, issued vide [A. P. \(DIR Series\) Circular No. 57 \[A.P. \(FL/RL Series\) Circular No. 04\]](#) dated March 9, 2009.

2. In terms of paragraph (C) 4 of Annex-I to the circular, ADs Category - I/ ADs Category - II/ FFMCs are required to obtain certain documents, including a conduct certificate from the local police authorities, while conducting the due diligence of their agents/ franchisees.

3. It has been brought to our notice that Authorised Persons have been experiencing difficulties in obtaining conduct certificate from local police authorities in respect of agents/ franchisees, which are incorporated entities. Accordingly, the existing requirement has been reviewed and ADs Category - I/ ADs Category - II/ FFMCs have been permitted to accept certified copy of the Memorandum and Articles of Association and Certificate of Incorporation in lieu of conduct certificate from the local police authorities, in respect of agents/ franchisees, which are incorporated entities. All other provisions of paragraph (C) 4 of the Annex-I to the aforementioned circular shall remain unchanged. Accordingly, Item No. 6 of the

Form RMC-F in Annex-IV of the circular may suitably be modified for corporate franchisees.

4. Authorised persons may bring the contents of this circular to the notice of their constituents concerned.

5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and non-compliance with the guidelines would attract penal provisions of Section 11(3) of the Act *ibid*.

Yours faithfully,

(Salim Gangadharan)

Chief General Manager-in-Charge