

AMENDMENT TO MASTER DIRECTION (MD) ON KYC – INSTRUCTIONS ON WIRE TRANSFER

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Reserve Bank of India

RBI/2023-24/25

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May 4, 2023

The Chairpersons/ CEOs of all the Regulated Entities

Dear Sir/Madam,

Amendment to the Master Direction (MD) on KYC – Instructions on Wire Transfer

Please refer to the Master Direction (MD) on KYC dated February 25, 2016, as amended from time to time, in terms of which Regulated Entities (REs), inter alia, have to undertake certain measures while dealing with the Wire Transfer.

In this regard, on a review, it has been decided to amend the MD on KYC to update the instructions on Wire Transfer (Section 64 of the MD), also aligning the same with the relevant FATF Recommendation. The amended instructions of Section 64 of the MD on KYC are provided in the annexure for reference. Further, definitions of the relevant terms used in the amended Wire Transfer instructions are being added in Section 2 (“Definitions”) of the MD on KYC.

The amended provisions shall come into force with immediate effect.

Yours faithfully,

(Santosh Kumar Panigrahy)
Chief General Manager

Enclosure: As above

Annexure

Section 64 – Wire Transfer

A. Information requirements for wire transfers for the purpose of this Master Direction:

i. All cross-border wire transfers shall be accompanied by accurate, complete, and meaningful originator and beneficiary information as mentioned below:

- a. name of the originator;
- b. the originator account number where such an account is used to process the transaction;
- c. the originator's address, or national identity number, or customer identification number, or date and place of birth;
- d. name of the beneficiary; and
- e. the beneficiary account number where such an account is used to process the transaction.

In the absence of an account, a unique transaction reference number should be included which permits traceability of the transaction.

ii. In case of batch transfer, where several individual cross-border wire transfers from a single originator are bundled in a batch file for transmission to beneficiaries, they (i.e., individual transfers) are exempted from the requirements of clause (i) above in respect of originator information, provided that they include the originator's account number or unique transaction reference number, as mentioned above, and the batch file contains required and accurate originator information, and full beneficiary information, that is fully traceable within the beneficiary country.

iii. Domestic wire transfer, *where the originator is an account holder* of the ordering RE, shall be accompanied by originator and beneficiary information, as indicated for cross-border wire transfers in (i) and (ii) above.

iv. Domestic wire transfers of rupees fifty thousand and above, *where the originator is not an account holder of the ordering RE*, shall also be accompanied by originator and beneficiary information as indicated for cross-border wire transfers.

v. REs shall ensure that all the information on the wire transfers shall be immediately made available to appropriate law enforcement and/or prosecutorial authorities as well as FIU-IND on receiving such requests with appropriate legal provisions.

vi. The wire transfer instructions are not intended to cover the following types of payments:

a) Any transfer that flows from a transaction carried out using a credit card / debit card / Prepaid Payment Instrument (PPI), including through a token or any other similar reference string associated with the card / PPI, *for the purchase of goods or services*, so long as the credit or debit card number or PPI id or reference number accompanies all transfers flowing from the transaction. However, when a credit or debit card or PPI is used as a payment system to effect a person-to-person wire transfer, the wire transfer instructions shall apply to such transactions and the necessary information should be included in the

b) Financial institution-to-financial institution transfers and settlements, where both the originator person and the beneficiary person are regulated financial institutions acting on their own behalf.

It is, however, clarified that nothing within these instructions will impact the obligation of an RE to comply with applicable reporting requirements under PML Act, 2002, and the Rules made thereunder, or

any other statutory requirement in force.

B. Responsibilities of ordering RE, intermediary RE and beneficiary RE, effecting wire transfer, are as under:

i. Ordering RE:

- a. The ordering RE shall ensure that all cross-border and qualifying domestic wire transfers {viz., transactions as per clauses (iii) and (iv) of paragraph 'A' above}, contain required and accurate originator information and required beneficiary information, as indicated above.
- b. Customer Identification shall be made if a customer, who is not an account holder of the ordering RE, is intentionally structuring domestic wire transfers below rupees fifty thousand to avoid reporting or monitoring. In case of non-cooperation from the customer, efforts shall be made to establish identity and if the same transaction is found to be suspicious, STR may be filed with FIU-IND in accordance with the PML Rules.
- c. Ordering RE shall not execute the wire transfer if it is not able to comply with the requirements stipulated in this section.

ii. Intermediary RE:

- a. RE processing an intermediary element of a chain of wire transfers shall ensure that all originator and beneficiary information accompanying a wire transfer is retained with the transfer.
- b. Where technical limitations prevent the required originator or beneficiary information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer, the intermediary RE shall keep a record, for at least five years, of all the information received from the ordering financial institution or another intermediary
- c. Intermediary RE shall take reasonable measures to identify cross-border wire transfers that lack required originator information or required beneficiary information. Such measures should be consistent with straight-through processing.
- d. Intermediary RE shall have effective risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action including seeking further information and if the transaction is found to be suspicious, reporting to FIU-IND in accordance with the PML Rules.

iii. Beneficiary RE:

- a. Beneficiary RE shall take reasonable measures, including post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers and qualifying domestic wire transfers {viz., transactions as per clauses (iii) and (iv) of paragraph 'A' above}, that lack required originator information or required beneficiary
- b. Beneficiary RE shall have effective risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information; and (b) the appropriate follow-up action including seeking further information and if the transaction is found to be suspicious, reporting to FIU-IND in accordance with the PML Rules.

iv. Money Transfer Service Scheme (MTSS) providers are required to comply with all of the relevant requirements of this Section, whether they are providing services directly or through their agents. In the case of a MTSS provider that controls both the ordering and the beneficiary side of a wire transfer, the MTSS provider:

- a. shall take into account all the information from both the ordering and beneficiary sides in order to determine whether an STR has to be filed; and
- b. shall file an STR with FIU, in accordance with the PML Rules, if a transaction is found to be suspicious.

C. Other Obligations

i. Obligations in respect of REs' engagement or involvement with unregulated entities in the process of wire transfer

REs shall be cognizant of their obligations under these instructions and ensure strict compliance, in respect of engagement or involvement of any unregulated entities in the process of wire transfer. More specifically, whenever there is involvement of any unregulated entities in the process of wire transfers, the concerned REs shall be fully responsible for information, reporting and other requirements and therefore shall ensure, *inter alia*, that,

- i) there is unhindered flow of complete wire transfer information, as mandated under these directions, from and through the unregulated entities involved;
- ii) the agreement / arrangement, if any, with such unregulated entities by REs clearly stipulates the obligations under wire transfer instructions; and
- iii) a termination clause is available in their agreement / arrangement, if any, with such entities so that in case the unregulated entities are unable to support the wire information requirements, the agreement / arrangement can be terminated. Existing agreements / arrangements, if any, with such entities shall be reviewed within three months to ensure aforementioned requirements.

ii. REs' responsibility while undertaking cross-border wire transfer with respect to name screening (such that they do not process cross-border transactions of designated persons and entities)

REs are prohibited from conducting transactions with designated persons and entities and accordingly, in addition to compliance with Chapter IX of the Master Direction, REs shall ensure that they do not process cross-border transactions of designated persons and entities.

iii. REs' responsibility to fulfil record management requirements Complete originator and beneficiary information relating to wire transfers shall be preserved by the REs involved in the wire transfer, in accordance with Section 46 of the Master Direction.
