

Policy on Record Maintenance for 2011-12

1. Objective

- a. to meet the bank's own requirements including accounting, control and future verification of transactions.
- b. to conform to the statutory/regulatory requirements.

2. Record maintenance consists of 3 components viz.,

- Record Keeping
- Record media
- Record retention

Each of the 3 components has been dealt with in detail in Para 6, 7 and 8 below respectively. A chart depicting the scope for Record Maintenance is enclosed. In addition, the requirements for Record Location have also been dealt with in Para 9 below.

3. Records

Records arise on account of transactions/functions performed by the bank and relate to the data and information arising there from. Records include vouchers, ledgers, registers, forms, reports, returns/statements, office notes, etc. The record may be paper based or in electronic form. The provisions of the policy shall apply irrespective of the media in which records are maintained.

4. Statutory provisions

4.1 Record Maintenance shall be subject to the compliance of statutory provisions, in particular to those as stipulated in

- Banking Regulations Act, 1949
- Banking Companies (Period of Preservation of Records) Rules 1985 (Banking Regulation Act 1949)
- Companies Act, 1956
- Income Tax Act
- Indian Evidence Act, 1872
- Bankers' Book Evidence Act, 1891
- RBI Act, 1934
- Prevention of Money Laundering Act, 2002

4.2 In addition to compliance with the statutory provisions, maintenance of records shall also take in to account.

- i. the systems put in place for processing records and
- ii. prevention and detection of money laundering activities

5. Record Maintenance

5.1 Record maintenance includes 8 criteria to determine the adequacy of records as described in **Annexure 1**.

5.2 The framework for Record Keeping is defined at 3 different levels within an operating environment viz,

- a. General Principles
- b. Management Information and
- c. Transactional Data

5.3 The minimum level of Record Keeping required to meet the various criteria at each of the 3 different levels is given in the following paragraphs.

5.4 Record Retention, Record Media and Record Location are primarily related to accessibility and durability criteria.

5.5 The prescribed period for destruction of old records under the Banking Companies (period of preservation of records) Rules, 1985 is applicable only to those records and registers where no liability is outstanding.

5.6 In case of unclaimed deposits, the liability continues to be outstanding and the banks are required to maintain / preserve the records. Banks cannot destroy the same and will have to take necessary care in preserving the records pertaining to the unclaimed deposits till the outstanding is paid and rounded off.

5.7 Limitation period in respect of repayment of a deposit with a bank would start against the bank from the date of demand by the customer and is enforceable within a period of 3 years. Therefore, under the present law, the starting of limitation period is linked to the date of demand by the depositor and not the date of maturity.

6. Record Keeping

Within each of the three levels of Record Keeping, viz., General Principles, Management Information and Transactional data, the adequacy of records has to be viewed on the basis of the criteria as listed in **Annexure 2**.

7. Record Media

7.1 As already stated in Para 3, the media can be paper or in electronic form. The determination of Record Media will be based on the following:

- i. Compliance with the statutory/regulatory requirements.
- ii. The need to ensure that media chosen does not conflict with accessibility requirements of RBI inspectors/Internal/External auditors.
- iii. Physical condition under which the record will be stored.
- iv. Appropriate controls over the conversion process when records are converted from paper form to non-paper form including certification for authenticity at the time of conversion, with adequate security/precautions.

7.2 For the purpose of preservation, micro film/micro fiche may also be used.

8. Record Retention

Appropriate controls shall be exercised by Departments/Offices/Branches over the destruction of records upon expiry of the period of retention prescribed which inter alia include

- i. authorisation and approval prior to destruction
- ii. a register to record details of the documents destroyed, the date and means of destruction.

9. Record Location

9.1 Generally, Record Location will be in the same branch/office where the records were generated / used. In case the location is to be at a different place, prior permission from the controlling authority shall be obtained. The overriding principle is that records continue to be available to management on a timely basis.

9.2 Should there be a need to maintain records in offshore locations, the department concerned at Head Office shall take up with HO: International Division, who will in turn take up with RBI for its prior approval subject to the norms spelt out in **Annexure 3**.

10. Procedure for Record Maintenance

In the light of the recent directions of RBI, the procedure for maintenance of records has been reviewed and modified within the scope of statutory provisions. The revised procedure for Record Maintenance is given below.

10.1 Management Control of Records

10.1.1 Being in the front line of business activities and customer interface, branches need to ensure an efficient system of record maintenance leading to a better working environment. Records are generally created during the course of business transactions as evidentiary material and include Vouchers, Ledgers, Registers, Reports, Books, Forms, Files, Correspondence, etc. Branches should maintain a register of records to have a control over the storage and movement of the various records. Record

Maintenance System should help in exercising effective management control of records which inter alia should ensure that records are :

- i. Maintained systematically for ready reference.
- ii. Preserved with due care so as to prevent loss, damage or mutilation.

10.1.2 However, it should also be ensured that records are not retained beyond their period of usefulness as maintenance of records involves cost.

10.2 Vouchers

10.2.1 On completion of the checking the vouchers of daily transactions with the reports pushed by the CDC, all the vouchers of each day's transaction should be made into one bundle by means of cross tying with thick twine with a label in front showing the date of transaction, the total number of vouchers along with major section wise break up. In branches where the number of vouchers is significantly high, DDs account vouchers should be bundled and stitched separately for the purpose of easy retrieval at the time of attending to unmatched entries. At very large and exceptionally large branches, current account, savings bank, DD's account and all other vouchers (miscellaneous) of each day's transactions may be made into separate bundles with a label attached to each bundle, the date and number of vouchers being noted thereon. The vouchers of transactions relating to other branches i.e. Host branch transactions and multicity cheques should be arranged alphabetically in the branch wise order and kept at the end of the voucher bundle and stitched. Branch shall refer HO:O&M circular No ADMIN.100/0708 dated 29.03.2008 regarding maintenance of vouchers at branches and follow the guidelines in total including any subsequent amendments issued from time to time. A Register/Pass book may be maintained giving the date and number of vouchers in two columns for control/statistical purposes.

10.2.2 Vouchers of daily transactions in bundles may be placed in the records room/cabinet once in a week or fortnight according to convenience with the relative entry in the Register of Records, reading as 'Vouchers of Daily Transactions from to' and so on. Until such time, vouchers are transferred to records, they should be kept in the custody of a supervisory official who should ensure that they are placed under lock and key and that references to such vouchers by members of the staff are made only with specific permission and in his presence.

10.3 Ledgers, Registers, Books, Forms, Reports etc.,

10.3.1 Branches have to maintain ledgers, registers, books, forms, both front-end and back-end reports etc as prescribed. Ledgers, registers, books, forms, reports relating to each section shall generally be held in the custody of the officer-in-charge of the section who will ensure that they are made available for use at the counter and are returned to his custody at the end of the day. All loose leaf ledgers (old) should be locked intact at all times. Generally forms are maintained in separate files. At the end of the day, all the records including ledgers, registers, books and files should be placed in steel cabinets and locked.

10.4 Filing

- 10.4.1 Filing is an important aspect of the office administration. The objective of the filing system is to ensure timely availability of papers and avoid any uncertainty about their location in the office. A good filing system helps to maintain track on the progress/developments on any subject matter and is a valuable tool for Management in decision making. Each branch should evolve a good filing system best suited to its needs. All inward letters and all copies of outward letters should be filed on the same day they are received or disposed of to ensure chronological order of filing.
- 10.4.2 Separate files should be maintained for each subject and for each customer enjoying sanctioned limits. Similarly, separate files should be maintained for opening forms of each type of deposits like Current Account, Savings Bank, Fixed Deposits, Recurring Deposit, etc., Stock statements relating to Cash Credit Accounts, copies of returns to controlling office, etc., Separate personal files should be maintained for each member of the Staff working in the branch. Letters of a confidential nature should be filed separately and they should be kept under lock and key of the Branch Manager. The system of filing Head Office circulars main file wise and subject file wise is already in place. The circulars, circular letters and DO letters issued by Zonal Offices should be filed in the serial order in separate files and be bound year wise and kept in the custody of the Branch Manager / Asst. Branch Manager for ready reference.
- 10.4.3 Files should be uniquely numbered with suitable alpha prefixes to indicate clearly the subject covered. The manner of numbering and alpha prefixing shall be decided by the branch management. A subject wise index of files shall be maintained to facilitate referencing requirements. The index should be periodically updated. Further, the papers within a file shall also be numbered serially in order to ensure that all the papers relating to the file remain intact and that the papers have been filed in chronological order.
- 10.4.4 All files should be housed in fire resistance filing cabinets and held in the custody of the officer concerned. The files shall be kept arranged in the order as per the index to facilitate easy retrieval. The movement of files shall be authorized by the officer responsible for their custody.

10.5 Loan Documents

- 10.5.1 The formats of loan documents and the instructions governing mode of execution, numbering and recording in Document execution register etc. are available in the Documentation Manual. All FX documents, bills, guarantees etc., may be treated as part of Loan documents. All the live documents shall be kept in thick covers (wrapper/plastic/cloth lined as may be available) prescribed for the purpose and held in the custody of the officer-in-charge of loans section. Loan documents shall generally be preserved in a separate fire proof steel cabinet in the strong room. Documents relating to closed loan accounts other than those requiring to be returned to the parties concerned should be filed separately and preserved for the period applicable for closed files.

10.6 Branch Documents

- 10.6.1 Some of the important documents of the branch which do not pertain to advances, guarantees, etc., are to be entered in the Branch Documents Register immediately on their receipt at the branch. The format of Branch Documents Register is given in **Annexure 4**. Proper maintenance of this register will enable
- i. Easy location of the important documents/records whenever required at a future date.
 - ii. Verification of important documents/records of the branch by incoming branch managers, inspecting officials, etc.
- 10.6.2 The list of documents to be entered in Branch Documents Register is furnished in **Annexure 5**. With a view to facilitate easy reference, separate folios may be allotted for -
- i. Documents/certificate of holding from HO, sanctions relating to premises, safes and other assets of the branch
 - ii. Power of Attorneys of officers and those executed by customers in favour of the Bank
 - iii. Test key and specimen signature booklets
 - iv. Indemnities obtained from customers towards issue of duplicate term deposit receipts, demand drafts and foreclosure of deposits in the names of minors
 - v. Manuals and other reference materials
 - vi. Documents relating to AMC
 - vii. Other miscellaneous items
- 10.6.3 Documents which are recorded in Branch Documents Register should be serially numbered according to date sequence and entered in the Register under the signatures of the Branch Manager and the officer in charge. Each document should be put in a cover/file which should bear the serial number and a short description of the document. They should be kept under lock and key in a place of safety in the custody of the Branch Manager/Asst. Branch Manager/Officer in charge.
- 10.6.4 The remarks column of the register must indicate the place of custody/ preservation of document for easy location/identification. For example, the safe custody receipt related to duplicate keys of the safes/strong room should be kept in the personal custody of the Branch Manager/Asst. branch manager outside the strong room.
- 10.6.5 Generally, branch documents are records of a permanent nature. However, in the case of indemnities executed for issue of duplicate DDs/Gift Cheques and refunds made in lieu of lost travellers cheques, the period of retention shall be 5 years from the date of issue of duplicate/refund as the case may be. At the time of withdrawal/delivery/disposal of documents suitable remarks should be made in the remarks column of the Branch Document Register under the signature of the Branch Manager/Asst. Branch Manager/

Officer-in-charge. The serial number of the document removed for disposal/ shifted to another branch/office should be rounded off.

- 10.6.6 Branch Manager/Asst. Branch Manager/Officer in charge, at the end of every calendar quarter must make a physical verification of documents enlisted in the Register and certify to that effect in the remarks column by their signature. Whenever there is change in the Branch Manager, the incoming manager should verify the entries in Branch Document Register with the documents/records and certify in the Register itself. During the course of branch inspection, the Inspecting officials shall scrutinize this aspect and make a record of their observations in their report.

10.7 Records required as evidence

- 10.7.1 Vouchers which are required as evidence in any matter of investigation or which have to be produced in a court of law should be detached from the bundle of the day's vouchers and retained separately by the Branch Manager. Exact authenticated copies or Photostat copies of vouchers so removed should be placed in the bundle with a note as to the circumstances under which the original vouchers were removed. The note should be signed by the Branch Manager/officer concerned.
- 10.7.2 Whenever other records such as ledgers, registers, books, forms, etc., are required in evidence whether they are currently in use or preserved as old records, the provisions under Bankers Book Evidence Act will be applicable. All records which may be required in connection with investigations or court cases shall be kept in a safe/separate cabinet within the strong room and held in the custody of the Branch Manager.
- 10.7.3 Requests received from external agencies such as CBI, State Police etc., for production of records should be immediately brought to the notice of HO: Vigilance Department. Unless demanded, only photocopies should be given and the originals should be kept in the safe custody of Branch Manager. If originals are called for, photocopies should be taken and kept with the branch in safe custody before the originals are handed over. In all cases, acknowledgements should be obtained from the officials concerned and a copy of the same should be forwarded to the General Manager (Vigilance) / CVO along with the report mentioned above.

10.8 Old Records

- 10.8.1 All records currently not in use shall be termed as old records and include bundles of vouchers of each day's transactions, documents in respect of closed advance accounts other than those to be returned to parties, loose-leaf sheets removed and kept in separate binders, etc. All old records should be placed under the control of an officer. The old records should be neatly arranged chronologically, department wise and placed on the racks in the safe room or in the strong room or in any other convenient room which should be kept locked; where such accommodation is not available, they may be kept in an almirah specially intended for the purpose and kept locked. The registers and ledgers should be labelled on top with period of coverage from To The

maintenance of old records should be in good order so as to facilitate retrieval for any immediate reference in case of need.

- 10.8.2 The branch manager should examine/arrange for examining the old records of the branch periodically, say, once in 3 months to ensure that they are properly arranged and protected against damage by dampness, rats, white ants and other pests. To prevent such damages, arrangements may be made with Pest Control Authorities / Organisations for regular servicing with prior sanction from the concerned controlling authority. Necessary arrangements should also be made for keeping fire fighting equipments in the records room.
- 10.8.3 A 'Register of Old Records' should be maintained by the branches. Necessary particulars like books, files, vouchers, etc., the period during which they were in use and the initials of the officer in charge should be available in the register. Separate folios should be allotted for each important book, file as well as for vouchers. Miscellaneous non-standard books may be entered in one folio as 'Sundry Books'
- 10.8.4 The items entered in the register should be indexed. Issue and replacement of old records for the purpose of verification/inspection should be made under the authority of the officer in charge. Entry of withdrawals and deposits of old records should be made in a register, the format of which is given in **Annexure 6**.

10.9 Period of preservation of Old Records

- 10.9.1 The period of retention of old records is to be reckoned from the close of the year to which the record pertains, and in the case of ledgers/registers, the period is to be calculated from the date of closure or the last transaction entered therein. Ledger/Register containing transaction less than 5/8/10 years old, as the case may be shall not be destroyed.
- 10.9.2 The Central Government after consultation with Reserve Bank of India, has issued the Banking Companies (period of preservation of records) rules, 1985 and Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the procedure and Manner of Maintaining and Time for furnishing information and verification and maintenance of records of the identity of the clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005.. Accordingly, every banking company shall preserve, in good order, its books, accounts, vouchers, data and other documents for the period as given in **Annexure 7**.
- 10.9.3 Other items of books and registers which are not covered in *Annexure 7* are to be maintained for a period of not less than **ten years**.
- 10.9.4 Records relating to prohibitory or attachment orders served on the Bank or claim cases in respect of balances and securities in the accounts of deceased customers should be preserved until the prohibitory or attachment orders are vacated or claims are finally settled. Records relating to suits that have been filed / decreed must be preserved until

the suits/decrees are finally settled. Records relating to matters which are in dispute should not be destroyed except with the specific sanction of Zonal Office.

10.10 Disposal of Old Records

10.10.1 Branches should dispose of the old records after the stipulated period in the following manner:

- i. Any recognized local waste paper merchant or agency should be contacted for the disposal of the old records and papers. The Bank should collect reasonable compensation depending upon the rates prevailing locally for waste paper.
- ii. After fixing the rate, records should be torn in to small shreds, by coolies or workers brought by the purchase, under the supervision of the officer in charge. No record should be allowed to be taken outside the premises without being torn in to small shreds.
- iii. The purchaser should be asked to take away the records after payment of the amount. The proceeds should be credited to Miscellaneous Income Account, giving full details as to weight of the records, rate etc.
- iv. In case no purchaser is available locally, Branch Manager may engage a reliable coolie and under the supervision of the officer in charge, get the records torn in to shreds. After that they may be destroyed by burning.

10.10.2 Before causing any record to be destroyed, it will be the responsibility of the branch manager/officer in whose custody the record is held to ensure that all the relevant books of accounts have been tallied with GL/BGL/CGL head concerned.

10.10.3 A permanent register is to be maintained wherein, the list of items that are destroyed, date and mode of destruction should be recorded under the signatures of the Branch Manager and the Officer-in-charge. During the course of branch inspection, the inspecting officials shall scrutinize this aspect and make a record of their observations in their report. Zonal Managers during their branch visits should verify compliance of these instructions by the branches.

Note: As regards the security aspects relating to maintenance of records and reconstruction of books of accounts in case of loss of books/records due to fire/and other natural calamities, the instructions contained in chapter 7 of the Manuals of Instructions XI – Security Management 2005 shall be complied with.

10.11 Record Maintenance at Administrative Office

Offices other than branches include controlling offices viz., Zonal office, various departments at Head Office and their extensions such as Inspection Centres, Training Centres, etc., The need for maintenance of records at various offices will generally depend on their functions, emerging requirements, etc., Considering the diversity of records maintained at various offices, it is felt that making out a list of all records in this policy document is nether appropriate nor desirable. However, records may be broadly classified as follows.

1. Files.
2. Registers.
3. Returns.
4. Others.

The procedure with regard to maintenance of records under each category is dealt with in the following paragraphs. The procedure shall be read with the policy parameters towards compliance.

10.11.1 Files

Files can be further classified as documentary and non-documentary files. The term 'Document' has been more fully described in Para 10.11.2 below. Documentary file shall contain documents while non-documentary files shall contain papers / materials other than documents.

10.11.2 Documents

- a) Documents can be classified as internal and external. Records which contain sanctions / approvals accorded, instructions / guidelines issued by competent authorities, etc., are classified as internal documents. It may be noted here that in case of sanctions / approvals, the note / record containing the sanction/ approval of the competent authority alone shall be treated as internal documents and all back papers / reference material attached thereto such as reports, correspondence, etc., along with Photostat copy of the approved/ sanction note shall be filed in the concerned non-documentary file. However, directives / guidelines of RBI / Government of India based on which the note is put up shall be treated as part of the document. The document shall provide a cross reference to the relevant non-documentary file. External documents are usually record of contracts entered into with external agencies such as Insurance policies, guarantees / warrantees/AMCs etc.,
- b) Generally, internal documents are to be preserved permanently and external documents for at least one year from the date of expiry of the contract with the concerned agency / institution.
- c) An illustrative list of Internal and External documents is furnished below.

I Internal Documents

- Approved policy documents (applicable to departments at HO)
- Sanctions / approvals accorded by competent authorities
- Circulars / Circular letters issued by the department
- Manuals of Instructions
- Profile of the Department

II External Documents

- Agreements / MoUs with outside agencies / institutions

- Insurance Policies
 - Guarantees / Warranties / AMCs
 - Indemnities.
- d) All documents shall be numbered serially and entered in a “*Register of Documents*” before being filed in the Documentary file. The register shall contain columns for entering Document No, Date of entry, Brief description of the document, corresponding non-document file no, Remarks. The entries in the register shall be duly authenticated by the officer in whose custody the document is held. At controlling offices and other administrative offices, the register may be maintained centrally by CM/SM in-charge of Administration and the document numbers may be prefixed with the name / abbreviation of the department concerned. However, the documents shall be held in the custody of the officer in charge of the Department concerned.

10.11.3 Non-Documentary Files

- a) All papers other than documents as indicated in Para 10.11.2 above are to be filed in the non-documentary files. The need for maintenance of files for different subjects dealt with, shall be decided by the respective departments taking into account the referencing requirements / convenience. Illustratively, these files will include back papers for approved notes, Agenda/minutes of the meetings held, survey/study reports , Inspection / audit reports of the departments / officers, staff files, Main and sub files of circulars issued by Head Office etc.,
- b) Files should be numbered to facilitate easy reference and an Index of files should be maintained and kept updated periodically. Filing of papers should be made then and there. Further, the papers within a file shall also be numbered serially in order to ensure that all the papers relating to the file remain intact and that the papers have been filed in chronological order. In general, papers which are more than 3 years and do not require any future reference may be removed at periodical intervals and considered for destruction by the respective offices / departments. Similarly, in the case of audit / inspection reports of the department, not more than 3 latest inspection reports be maintained. However the decision with regard to period of retention of files may be taken by the Head of the Department / office on a case to case basis.

10.11.4 Returns

All offices / departments receive as well as submit various returns periodically. These returns may be statutory, statistical, for the purpose of control or as a part of management information system. Some of the returns may have to be retained permanently due to statutory or other requirements. The period of retention in the case of other returns shall be as follows.

- i. Statutory returns submitted to RBI, Government and other agencies may be preserved for a minimum period of 5 years.

- ii. Statistical / control / MIS returns may be preserved for a minimum period of 3 years.

Wherever considered necessary and feasible, the returns may be collected and kept in electronic media by creating a data wear-house.

10.11.5 Registers

Depending on their need, the offices/departments have to maintain various registers. Registers may include those relating to functional area of the department / office concerned or establishment related such as Attendance Register, Leave Register, Permission Register, Expenditure Register etc.,

An illustrative list of some of the commonly used registers to be maintained by offices / departments grouped in the order of suggestive retention period is furnished below.

i. 3 YEARS

- ✚ Letters Received Register
- ✚ Despatch Register
- ✚ Notes Movement Register
- ✚ Returns Submitted Register
- ✚ Register of Action taken report on various directions
- ✚ Local Delivery Register
- ✚ Expenditure Register
- ✚ Complaints/Suggestions Register
- ✚ Permission Register
- ✚ Meetings / Minutes Book

ii. 5 YEARS

- ✚ Circulars Issued Register
- ✚ Office – order book
- ✚ Attendance Register
- ✚ Leave Register of Staff

iii. PERMANENT

- ✚ Register of documents

✚ Register of records destroyed

✚ Library Books Register

The retention period is to run from the closure of the register.

10.11.6 *Transfer of Records to Godown*

Wherever required due to space / shortage constraints, the department / office may decide to locate a few records at godowns situated preferably in the outskirts of the city having easy approach and available at a normal rent. Before moving the old records to godowns it should be ensured that records which are considered unwanted are destroyed in the manner prescribed. Details of the records transferred to the godown should be maintained till their retention period. Appropriate security arrangements should be provided for preservation of such records. The maintenance of records in the godown including access regulation shall be administered by the designated department viz., at Head Office by Office Manager and at Administrative Offices by Chief / Senior Manager, Administration.

10.11.7 *Shredding / Destruction*

Records identified for destruction after the retention period shall be disposed of in the same manner as prescribed for branches vide Para 10.10. Destruction of records at Head Office shall be done in the presence of an officer of the department and the office Manager. At administrative offices, the destruction shall be made in the presence of the Chief Manager / Senior Manager, Administration.

11. **Cost Aspects**

While the general guidelines are given for retention of records of various types, Departments/Offices need to be conscious of the cost aspects of retaining records vis-avis the benefits, keeping in view the statutory and other requirements.

12. **Prevention of Money Laundering Act, 2002 - Rules for Maintenance of Records**

12.1 These rules may be called the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the procedure and Manner of Maintaining and Time for furnishing information and verification and maintenance of records of the identity of the clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005. This has come into force from 1st July 2005.

12.2 **Definitions**

12.2.1 In these rules, unless the context otherwise requires:-

- a. "**client**" means a person who engages in a financial transaction or activity with a banking company, or financial institution or intermediary and includes a person on whose behalf the person who engages in the transaction or activity, is acting;

- b. **"transaction"** includes deposit, withdrawal, exchange or transfer of funds in whatever currency, whether in cash or by cheque, payment order or other instruments or by electronic or other non-physical means
- c. **"suspicious transaction"** means a transaction as referred above, including an attempted transaction, whether or not made in cash, which to a person acting in good faith -
- i. gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the schedule to the act; regardless of the value involved; or
 - ii. appears to be made in circumstances of unusual or unjustified complexity; or
 - iii. appears to have no economic rationale or bonafide purpose; or
 - iv. gives rise to a reasonable ground of suspicion that it may involve, financing of the activities relating to terrorism.

✿ **Explanation** : Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to or to be used for terrorism, terrorist act or by a terrorist, terrorist organization or those who financed or are attempting to financing of terrorism.

12.2.2 All other words and expressions used and not defined in these rules but defined in the Act shall have the meaning respectively assigned to them in the Act.

12.3 Maintenance of Records of Transactions (nature and value)

According to this Rule, Bank shall maintain a record of -

- 12.3.1 All cash transactions of the value of more than Rs.10 lakhs or its equivalent in foreign currency;
- 12.3.2 All series of cash transactions integrally connected to each other which have been valued below Rs.10 lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;
- a. all transactions involving receipts by non-profit organizations of value more than rupees ten lakh, or its equivalent in foreign currency;
- 12.3.3 All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security or a document has taken place facilitating the transactions;
- 12.3.4 All suspicious transactions whether or not made in cash and by way of-
- a. deposits and credits, withdrawals into or from any accounts in whatsoever name they are referred to in any currency maintained by way of -

- i. cheques including third party cheques, pay orders, demand drafts, cashiers cheques or any other instrument of payment of money including electronic receipts or credits and electronic payments or debits, or
 - ii. travellers cheques, or
 - iii. transfer from one account within the same banking company, financial institution and intermediary, as the case may be, including from or to Nostro and Vostro accounts, or
 - iv. any other mode in whatsoever name it is referred to;
- b. credits or debits into or from any non-monetary accounts such as d-mat account, security account in any currency maintained by the banking company, financial institution and intermediary, as the case may be;
- c. money transfer or remittances in favour of own clients or non-clients from India or abroad and to third party beneficiaries in India or abroad including transactions on its own account in any currency by any of the following:
- 1) payment orders, or
 - 2) cashiers cheques, or
 - 3) demand drafts, or
 - 4) telegraphic or wire transfers or electronic remittances or transfers, or
 - 5) internet transfers, or
 - 6) Automated Clearing House remittances, or
 - 7) Lock box driven transfers or remittances, or
 - 8) Remittances for credit or loading to electronic cards, or
 - 9) Any other mode of money transfer by whatsoever name it is called;
- d. loans and advances including credit or loan substitutes, investments and contingent liability by way of;
- i. subscription to debt instruments such as commercial paper, certificate of deposits, preferential shares, debentures, securitised participation, inter bank participation or any other investments in securities or the like in whatever form and name it is referred to, or
 - ii. purchase and negotiation of bills, cheques and other instruments, or
 - iii. foreign exchange contracts, currency, interest rate and commodity and any other derivative instrument in whatsoever name it is called, or
 - iv. letters of credit, standby letters of credit, guarantees, comfort letters, solvency certificates and any other instrument for settlement and/or credit support.

- e. collection services in any currency by way of collection of bills, cheques instruments or any other mode of collection in whatsoever name it is referred to.

12.4 Records containing information

The records referred to in Para 12.3 above shall contain the following information:

- a. the nature of the transactions;
- b. the amount of the transaction and the currency in which it was denominated
- c. the date on which the transaction was conducted, and
- d. the parties to the transaction

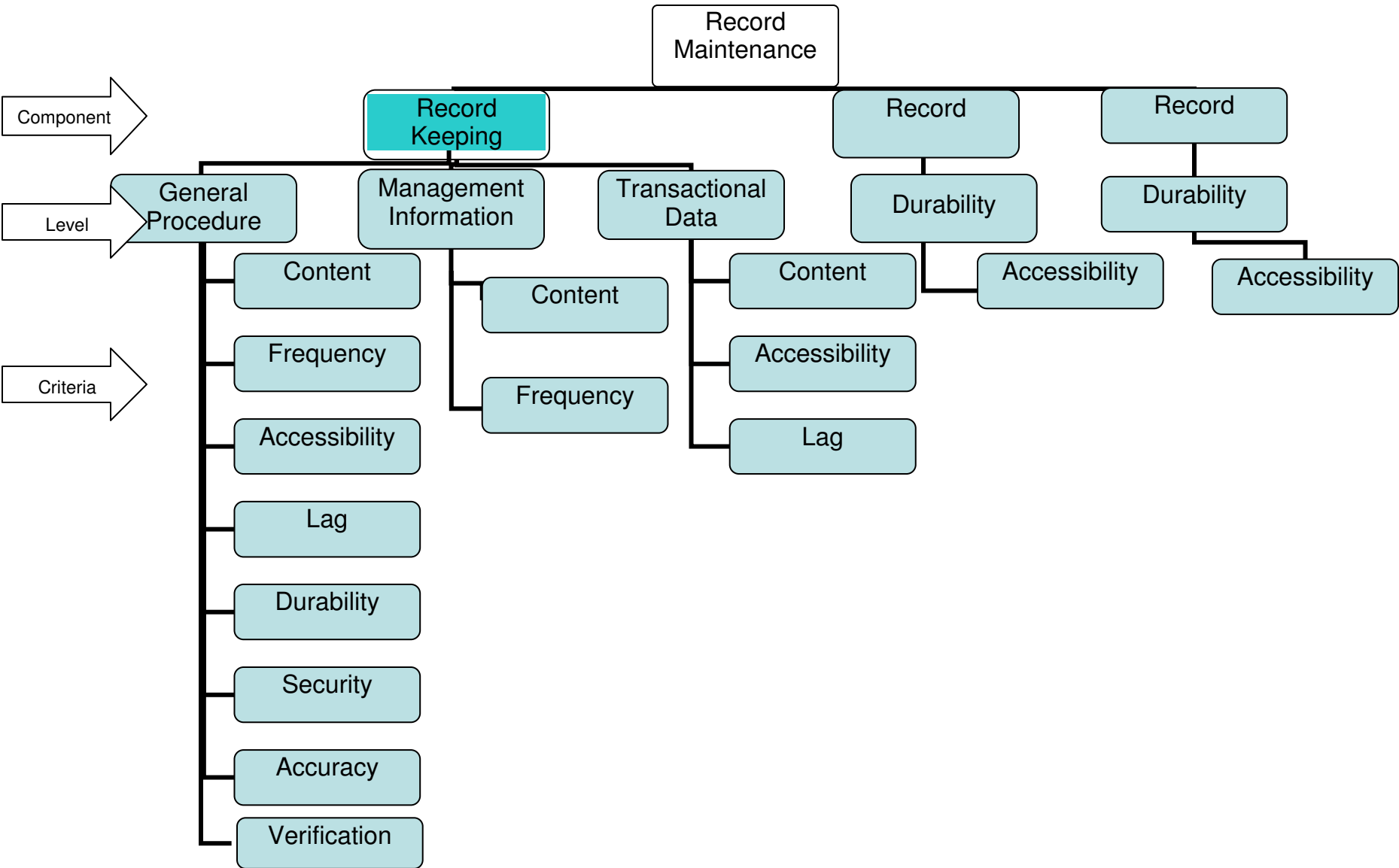
12.5 Procedure and manner of maintaining information

Bank shall maintain information in respect of transactions with its client referred to in Para 12.3 in **hard and soft copies** in accordance with the procedure and manner as may be specified by its Regulator (Reserve Bank of India or Securities and Exchange Board of India etc.), as the case may be, from time to time.

12.6 Retention of records of transactions

The records referred to in Para 12.3 shall be maintained for a period of **ten years** from the date of the transactions between the Client and the Bank.

Scope Chart



Annexure - 1

Criteria for Adequacy for Record Maintenance

- 1. Content : What data is retained?
- 2. Frequency : Intervals between updates
- 3. Security : Protection from unauthorized access
- 4. Durability : Safe keeping / protection from deterioration
- 5. Accessibility : Ready Availability to authorized individuals
- 6. Lag : Delay between initiating and recording
- 7. Accuracy : Reliability and Freedom from error
- 8. Verification : Ability to check accuracy

Annexure – 2

Criteria for three different levels of Record Keeping

General Principles	Management Information	Transactional Data
<p>a. <i>Content</i></p> <ul style="list-style-type: none"> ▪ Management have sufficient data to monitor, assess and control the risks incurred by and the performance of the bank; ▪ The nature and purpose of each transaction is explained ▪ The bank can comply with all of its statutory and regulatory obligations. <p>b. <i>Frequency</i></p> <ul style="list-style-type: none"> ▪ Management can make timely decisions based on current information. <p>c. <i>Security</i></p> <ul style="list-style-type: none"> ▪ Access to confidential data is restricted to authorized individuals. ▪ Customer confidentiality is maintained. <p>d. <i>Durability</i></p> <ul style="list-style-type: none"> ▪ Back up arrangements are in place for all records held in electronic form or any other records subject to high risk of loss. <p>e. <i>Accessibility</i></p> <ul style="list-style-type: none"> ▪ data is available to authorized individuals (including RBI inspectors and internal and external auditors) on a timely basis; ▪ data is available in a format suitable for the purpose for which it is required. <p>f. <i>Lag</i></p> <ul style="list-style-type: none"> ▪ initial recording of all transactions is as soon as they take place. <p>g. <i>Accuracy</i></p> <ul style="list-style-type: none"> ▪ all records are complete and accurate <p>h. <i>Verification</i></p> <ul style="list-style-type: none"> ▪ full audit trail (not necessarily paper-based) exists as data is aggregated, summarized or otherwise manipulated in the day-to-day process. 	<p>a. <i>Content</i></p> <ul style="list-style-type: none"> ▪ Periodic financial statements (profit and loss account and balance sheet). ▪ Analysis of significant asset, liability, income, expense and off balance sheet items. ▪ Valuation of significant assets/liabilities and off balance sheet items; ▪ Financial trends and variance against budgets and prior periods; ▪ Measurement of risk positions and comparison of positions against limits; ▪ Exception report of limit breaches; ▪ Maturity analysis; ▪ Risk concentrations; ▪ Sensitivity analysis reflecting the effect of changes in interest rates or exchange rates; ▪ Age analysis of unsettled transactions/ suspense account items/reconciliation items; <p>b. <i>Frequency</i></p> <ul style="list-style-type: none"> ▪ Summary financial data at least monthly; ▪ Results of active dealing/trading activities at least daily; ▪ Data on risk positions with a frequency which reflects the volatility of the risk and which permits management to take corrective action on a timely basis. 	<p>a. <i>Content</i></p> <ul style="list-style-type: none"> ▪ Transaction type. ▪ Purpose ▪ Originator ▪ Authorizer; ▪ Counterparties; ▪ Amount/currency; ▪ Relevant dates (transaction date; trade date, settlement date, value date. Etc) ▪ Interest/exchange rates; ▪ Fees/commissions; ▪ Collateral taken/given; ▪ Subordination/guarantees; ▪ Any other transaction specific characteristics <p>b. <i>Accessibility</i></p> <ul style="list-style-type: none"> ▪ Ease of access determined by frequency of use; <p>c. <i>Lag</i></p> <ul style="list-style-type: none"> ▪ Recording of all known transaction details as soon as a commitment/contract is entered into and adds other details as soon as they become available.

Annexure 3

Norms for Maintenance of Records in Off Shore Locations

- a. The records and data are available to management in India on a timely and reasonable basis;
- b. Adequate back up facilities are available for electronically stored data;
- c. Security is maintained during cross border transfers;
- d. RBI inspectors (and external auditors) will be permitted to visit and carry out examinations at the off shore locations.
- e. Where the off shore service provider is a regulated entity, the relevant off shore regulator will not obstruct the arrangement nor object to RBI inspection visits;
- f. If data processing at the off shore location is out sourced to a service provider which is not a regulated entity, the controllers, directors and managers of the service provider are fit and proper people to be providing such services to a bank in India.
- g. The availability of records to management and the RBI will withstand the liquidation of either the off shore custodian or the bank in India.
- h. The regulatory authority of the off shore location does not have access to the data relating to Indian operations of the bank simply on the ground that the processing is being undertaken there (not applicable if off shore processing is done in the home country of the bank).
- i. Secrecy and confidentiality of data is maintained.
- j. The jurisdiction of the courts in the off shore location where data is maintained does not extend the operations of the bank in India on the strength of the fact that the data is being processed there even though the actual transactions are undertaken in India; and
- k. All original records will continue to be maintained in India.

Annexure 5

List of Branch Documents

1. Documents / sanctions relating to leased premises.
2. Insurance Policies relating to Bank's premises. stationery, safes, furniture, vehicles etc.,
3. Power of Attorney of officers.
4. Agreement of Indemnity taken in connection with the issue of duplicates of lost demand drafts, Term Deposit receipts, Traveller's Cheques etc.,
5. Letter from Head Office / Controlling Office fixing the cash and Bank balance Limit and latest circular on Blanket Insurance Cover.
6. Sanction letter from Head Office for discounting facilities with other Banks.
7. Receipts towards deposits made for Electricity, Post and Telegraphs, Municipality etc.,
8. RBI Licence – for Branch opening.
9. Certificate given by Inspector of Weights and Measures.
10. Licence under Shops and Establishments Act.
11. Safe Deposit Receipt for Deposit of duplicate keys of Cash Safe, Jewel Safe, Safe Room etc., (Safe Deposit Receipt should not be kept in the cash safe).
12. Copies of title deeds of Branch Premises owned / certificate of holding the originals from HO: Premises Department.
13. Discretionary Power Booklet for advances and Expenditure.
14. Specimen Signature Booklet of Bank's Officers, RBI Officers and Correspondents.
15. Test key for TTs, MTs.
16. Agreement with Tiny Deposit Agent, Appraiser etc.,
17. Sealed packets containing spurious jewels.
18. Valuable articles found in the locker room.
19. Any Document / record / vouchers required to be kept under safe custody by Head Office / Central Bureau of Investigation.
20. Check cipher codes of Telegraphic keys of other banks and correspondents.
21. Power of Attorney granted by constituents in favour of the Bank.
22. Documents / securities held after redemption of loans.
23. Particulars about transfer of long pending items in Nominal Accounts to HO: Accounts Department.
24. Manual of Instructions.
25. Indemnity Bond obtained in settling certain claims on deceased depositor's account.
26. Documents relating to Annual Maintenance Contract.
27. Any other important document (other than pertaining to advances & guarantees) which has to be kept over a period of time and preservation / custody of which is not recorded in any other register.

Annexure 7

Periodicity for Books, Accounts, Reports, Data and Other Documents

A. Books, Accounts, Reports and other documents mentioned below relating to a period of not less than FIVE YEARS immediately preceding the current calendar year.

1. Cheque Book Registers
2. Delivery Order Registers
3. Demand Liability Registers
4. Vault Register
5. Telegraphic Transfer Confirmations
6. Telegrams and Telegram Confirmations

B. Books, Accounts, Reports and other documents mentioned below relating to a period of not less than EIGHT YEARS immediately preceding the current calendar year.

1. Demand Loan Liability Registers
2. Draft and Mail Transfer Advices Despatched Registers
3. Draft and Mail Transfer Advices Received Registers
4. Drafts Payable Registers
5. Drawing Power Registers
6. Stock Registers of Goods pledged
7. Stock and Share Registers
8. Government Securities Registers or ledgers
9. Registers or ledgers of Bank's own investments
10. Branch ledgers
11. Despatch Registers
12. Letters Inward Register
13. Local Delivery Book
14. Account opening forms, inventories prepared in respect of articles in safe custody and safe deposit locker and Nomination forms
15. Standing Instructions regarding Current account
16. Application for Overdrafts, loans and advances
17. Demand remittances Despatched Registers

18. Demand Remittances Received Registers
19. Safe Custody Registers
20. Trust Registers

C. Books, Accounts, Reports and other documents mentioned below relating to a period of TEN YEARS from the date of the transactions between the Client and the Bank.

1. All personal ledgers – SB/CA ledger
2. Loans and advances Registers or ledgers
3. Call, Short, Fixed Deposit and RIP registers or ledgers
4. Non-Resident Rupee and Foreign Currency accounts registers or ledgers
5. Fixed Deposit Interest Registers
6. Draft, TT and Mail Transfer Registers
7. Remittance Registers
8. Bills Registers including Foreign currency cheque and bills.
9. Clearing Register
10. Overdrafts and Loan Registers
11. Clean cash books
12. Bank Cash Scrolls
13. Bank Transfer Scrolls
14. Remittance Schedules
15. Paid Cheques
16. Paying-in-slips
17. Registers showing collection of Dividends and Interest on Securities on behalf of constituents
18. Applications for TTs, DDs, MTs and other remittances
19. Press copy books
20. Files treated as closed.
21. Suspicious Transaction Reports (STR), Cash Transaction Reports (CTR) and Counterfeit Currency Reports (CCR) filed with FIU-IND under the Prevention of Money Laundering Act, 2002.

22. All records relating to scrutiny of complex, unusual large transactions and unusual patterns of transactions, which have no apparent economic or visible lawful purpose and the findings of the Bank thereon
23. All Vouchers of the day's transactions including vouchers relating to payment to nominees
24. Reports, vouchers and instruments relating to –
 - A. all cash transactions of the value of more than Rs.10 lakhs or its equivalent in foreign currency;
 - B. all series of cash transactions integrally connected to each other which have been valued below Rs.10 lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;
 - a. all transactions involving receipts by non-profit organizations of value more than rupees ten lakh, or its equivalent in foreign currency;
 - C. all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security or a document has taken place facilitating the transactions;
 - D. All **suspicious** transactions whether or not made in cash and by way of-
 - i. deposits and credits, withdrawals into or from any accounts in whatsoever name they are referred to in any currency maintained by way of -
 - a. cheques including third party cheques, pay orders, demand drafts, cashiers cheques or any other instrument of payment of money including electronic receipts or credits and electronic payments or debits, or
 - b. travellers cheques, or
 - c. transfer from one account within the same banking company, financial institution and intermediary, as the case may be, including from or to Nostro and Vostro accounts, or
 - d. any other mode in whatsoever name it is referred to;
 - ii. credits or debits into or from any non-monetary accounts such as d-mat account, security account in any currency maintained by the banking company, financial institution and intermediary, as the case may be;
 - iii. money transfer or remittances in favour of own clients or non-clients from India or abroad and to third party beneficiaries in India or abroad including transactions on its own account in any currency by any of the following:
 - a. payment orders, or
 - b. cashiers cheques, or
 - c. demand drafts, or

- d. telegraphic or wire transfers or electronic remittances or transfers, or
 - e. internet transfers, or
 - f. Automated Clearing House remittances, or
 - g. Lock box driven transfers or remittances, or
 - h. Remittances for credit or loading to electronic cards, or
 - i. Any other mode of money transfer by whatsoever name it is called;
- iv. loans and advances including credit or loan substitutes, investments and contingent liability by way of;
 - a. subscription to debt instruments such as commercial paper, certificate of deposits, preferential shares, debentures, securitised participation, inter bank participation or any other investments in securities or the like in whatever form and name it is referred to, or
 - b. purchase and negotiation of bills, cheques and other instruments, or
 - c. foreign exchange contracts, currency, interest rate and commodity and any other derivative instrument in whatsoever name it is called, or
 - d. letters of credit, standby letters of credit, guarantees, comfort letters, solvency certificates and any other instrument for settlement and/or credit support.
 - v. collection services in any currency by way of collection of bills, cheques instruments or any other mode of collection in whatsoever name it is referred to.
25. All information data, records whether paper or electronic relating to Payment System Applications.
26. Physical cheques including the images of cheques (in the Cheque Truncation System scenario).

D. Records which are to be preserved for a period of TEN years after the termination of an account or business relationship

- 1. Records pertaining to the identification of the customer and his address (viz. Copies of documents like Passport, Identity cards, Driving Licenses, PAN CARD, Utility Bills etc.) obtained while opening the account and during the course of business relationship.
- 2. Similarly, the records pertaining to the identification of the beneficial owners of the entities obtained while opening the account and during the course of business relationship alongwith Partnership Deeds, Memorandum of Association, Article of Association, Trust Deeds etc.,

Note: Records of the identity of clients shall include records of the identification data, account files and business correspondence.

E. Records relating Prohibitory or Attachment Orders, Claim Cases, Suits, matter of investigation and Departmental Enquiry

1. Records relating to prohibitory or attachment orders served on the Bank or claim cases in respect of balances and securities in the accounts of deceased customers should be preserved until the prohibitory or attachment orders are vacated or claims are finally settled. Records relating to suits that have been filed / decreed must be preserved until the suits/decrees are finally settled. Records relating to matters which are in dispute should not be destroyed except with the specific sanction of Zonal Office.
2. Vouchers and other records such as ledgers, registers, books, forms etc. which are required as evidence in any matter of investigation or which have to be produced in a Court of Law are to be preserved until the final verdict of the Court.
3. Vouchers and other records such as ledgers, registers, books, forms etc. which are required in any Departmental Enquiry in the Bank are to be preserved until the finality is reached in the matter.

F. Registers which are to be maintained permanently

1. Documents Execution Register.
2. Branch Documents Register.
3. Register of Old Records.
4. Register of Old Records destroyed.
5. Power of Attorney Register.
6. Equitable Mortgage Register.