



PMLA COMPLIANCE

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History of Anti-Money Laundering Laws (USA)

- Bank Secrecy Act, 1970
 - Money Laundering Control Act, 1986
 - Anti-Drug Abuse Act, 1988
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- Annunzio-Wylie Anti-Money Laundering Act, 1992
 - Money Laundering Suppression Act, 1994
 - Money Laundering and Financial Crimes Strategy Act, 1998
 - USA PATRIOT Act, 2001
 - Intelligence Reform & Terrorism Prevention Act, 2004



The Financial Action Task Force (FATF)

- Formed in 1989, G7 Summit in Paris to combat the growing problem of money laundering.
- To set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system
- The global money laundering and terrorist financing watchdog



FATF Recommendations

The 40 Recommendations are divided into seven distinct areas:

- **AML/CFT Policies and coordination**
- **Money laundering and confiscation**
- **Terrorist financing and financing of proliferation**
- **Preventive measures**
- **Transparency and beneficial ownership of legal persons and arrangements**
- **Powers and responsibilities of competent authorities and other institutional measures**
- **International cooperation**



FATF Recommendations 2012

Designated Non-Financial Business & Professions

- Casinos
- Real Estate Agents
- Dealers in Precious Metals
- Dealer in Precious Stones
- Lawyers, Notaries, other independent legal professionals and accountants.
- Trust and Company Service providers.



FATF Members / Global network

- At the time of its formation, FATF had 16 members, and it is grown to 39*. (* Russia)

FATF Global Network

APG	ESAAMLG	GIABA
CFATF	GABAC	MENAFATF
EAG	GAFILAT	MONEYVAL



INDIA - FATF

- Member since 2010
- Also, member of
 - Asia/Pacific Group on Money Laundering (APG)
 - Eurasian Group (EAG)
- Assessment Schedule – November 2023

Assessment Body	Last evaluation	Possible onsite period	Possible Plenary discussion
FATF/APG/EAG	June 2010	November, 2023	June, 2024

SINGAPORE (APG)



PRECIOUS STONES AND PRECIOUS METALS (PREVENTION OF MONEY LAUNDERING AND TERRORISM FINANCING) ACT, 2019

- MONEY LAUNDERING

- Part 2, 3 or 5;
- sections 50 to 57 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992;
- the Terrorism (Suppression of Financing) Act 2002;
- any regulations made under the United Nations Act 2001;
- any provision of any other written law relating to the prevention of money laundering or terrorism financing; or
- the law of any foreign country or territory relating to the prevention of money laundering or terrorism financing;

SINGAPORE (APG)



WHO HAS TO REGISTER

- manufacturing any precious stone, precious metal or precious product;
- importing or possessing for sale any precious stone, precious metal or precious product;
- selling or offering for sale any precious stone, precious metal or precious product;
- selling or redeeming asset-backed tokens;
- purchasing any precious stone, precious metal or precious product for the purposes of resale;
- Or intermediaries thereof above.

HONGKONG (APG)



- Expanding of Anti Money Laundering and Counter Terrorist Financing legislation on 7th December, 2022
- Dealers of Precious Metals and stones covered from 1st April, 2023.
- All dealers have to register under;
 - Category A – engage in non-cash transaction at HK\$120000 or above
 - Category B – engage in cash transaction at HK\$120000 or above
- Concept of fit & proper business entity



United Arab Emirates

- Anti-money laundering laws – Federal Decree No. 20 of 2018
- Cabinet resolution no. 24 of 2022
- Dealers in Precious Metals and Stones Report (DPMSR) w.e.f 12th June, 2021.
- All DPMS are obligated to report transactions exceeding AED 55,000 in cash or wire transfers (in specified cases)



INDIA - FATF

- **Lead Ministry/Authority in the FATF Delegation**
 - Ministry of Finance: Department of Economics Affairs

- **Other Ministries / Authorities**
 - Central Board of Excise and Customs (CBEC)
 - Financial Intelligence Unit (FIU)
 - Ministry of Law and Justice



Anti- Money laundering measures in India

- The Unlawful Activities (Prevention) Act, 1967
- The Prevention of Money-Laundering Act, 2002
- The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005
- United Nations Security Council resolutions.
- Instructions by RBI/CBEC/FIU



MILESTONES

- Included DPMS in PMLA Act, 2002
- Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PMLR)
- Liability to report notified on 28th December, 2020.
- Issued guidelines on AML standards, CFT & PF obligations for DPMS on 4th May, 2023.



Guidance on Reporting

- Establishing a mechanism between Dealers and FIU-India for information sharing and reporting to **prevent misuse of the sector** for money laundering, terrorist financing and proliferation financing.
- Industry Councils, Associations and Dealers work together with Indian authorities in fighting money laundering, , terrorist financing and proliferation financing



Action to be taken by DPMS

- KYC / Client Due Diligence (CDD) – Ultimate Beneficial owner
- Internal policies, procedures & controls
- Training of staff and other stakeholders
- Risk based Assessment
- Reporting of suspicious transactions



RED FLAG INDICATORS FOR DPMS

- Customer behaviour is suspicious or inconsistent
- Customer seeks to make purchases in foreign currency or cards
- Customer makes/ attempts to break down the purchases by paying for it through different unrelated accounts through NEFT, RTGS and UPI.
- Transaction(s) involving Fake Indian Currency Notes (FICN)
- Sudden spike in amounts in gold purchase scheme accounts.



RED FLAG INDICATORS FOR DPMS

- Gold purchase scheme accounts receiving cash payments aggregating to Rs. 10 lakh or above in a single or several operations that appear to be linked.
- Gold purchase scheme accounts receiving individual cash payments from different locations.
- Accounts maintained for gold purchase schemes receiving individual payments through foreign remittances.
- Customers match with sanctions list (UNSCR,UAPA, other criminals lists, FIU-IND Alert list)



- Let's create a healthy complaint market place and safeguard our sector for any misuse for Money Laundering, Terrorist financing and proliferation financing.