



Central Depository Services (India) Limited

Convenient Dependable Secure

COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/649

January 23, 2006

GUIDELINES ON ANTI MONEY LAUNDERING MEASURES

DPs are advised to refer to SEBI circular no. ISD/CIR/RR/AML/1/06 dated January 18, 2006 enclosing the Guidelines for Market Intermediaries on Anti Money Laundering Standards. A copy of the said circular is enclosed herewith as **Annexure A** and the copy of the Guidelines is attached as **Annexure B**.

DPs are advised to comply with the same.

Queries, if any, may be addressed to Tel. No. (022) 2272-3333 Audit Department – Ms. Nayana Ovalekar extn. 8654, Farokh Patel extn. 8687 or Direct – (022) 30973782.

sd/-

Cyrus Khambata
Vice President – Business Development & Operations

NOTE
Reference Communiqué No. CDSL/LEG/DP/597 dated November 02, 2005 regarding modification to the DP-BO Agreement. DP's are advised to take note of the new format of the DP-BO agreement which will come into force with immediate effect. However, for the existing DPs, (as stated in our communiqué no. CDSL/LEG/DP/624 dated December 14, 2005), the same will come into force till the old stock of the DP-BO agreement is exhausted or April 01, 2006, whichever is earlier.

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ISD/CIR/RR/AML/1/06

January 18, 2006

**To all Intermediaries registered with SEBI u/s 12 of the SEBI Act.
(Through the stock exchanges for stock brokers, sub brokers and depositories for
depository participants)**

Dear Sir / Madam,

Sub: - Guidelines on Anti Money Laundering Standards.

1. The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1st July 2005. Necessary Notifications / Rules under the said Act have been published in the Gazette of India on 1st July 2005 by the Department of Revenue, Ministry of Finance, Government of India.

2. As per the provisions of the Act, every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992) shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules notified under the PMLA. Such transactions include :

- ☐ All cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.
- ☐ 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 take place within one calendar month.
- ☐ All suspicious transactions whether or not made in cash.

3. The [Guidelines](#) enclosed herewith are being issued to the intermediaries as specified above, in the context of the recommendations made by the Financial Action Task Force (FATF) on anti-money laundering standards. Compliance with these standards by all intermediaries and the country has become imperative for international financial

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relationships. It may be noted that these Guidelines lay down the minimum requirements / disclosures to be made in respect of clients. The intermediaries may, according to their requirements specify additional disclosures to be made by clients to address concerns of Money Laundering and suspicious transactions undertaken by clients.

4. All intermediaries are advised to ensure that a proper policy framework as per the Guidelines on anti-money laundering measures is put into place within one month from the date of the circular. The intermediaries are also advised to designate an officer as 'Principal Officer' who would be responsible for ensuring compliance of the provisions of the PMLA. Names, designation and addresses (including e-mail addresses) of 'Principal Officer' shall also be intimated to the Office of the Director-FIU, 6th Floor, Hotel Samrat, Chanakyapuri, New Delhi -110021, India on an immediate basis.

5. The detailed procedure incorporating the manner of maintaining information and matters incidental thereto for SEBI registered intermediaries, under the prevention of Money Laundering Act, 2002 and the Rules made thereunder and formats for reporting by the intermediaries are being finalised and would be issued subsequently.

6. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully,

R RAVICHANDRAN

Encl: a/a