

## Annex

Sr. No.	Particulars	Existing Instructions	After amendment to PML Rules	Change in Instructions of the RBI
1	Definition of Designated Director – Rule 2 (ba)	New definition added in the PML Rules.	<p>Designated Director" means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes --</p> <ul style="list-style-type: none"> <li>(i) the Managing Director or a whole-time Director duly authorized by the Board of Directors if the reporting entity is a company,</li> <li>(ii) the managing partner if the reporting entity is a partnership firm,</li> <li>(iii) the proprietor if the reporting entity is a proprietorship concern,</li> <li>(iv) the managing trustee if the reporting entity is a trust,</li> <li>(v) a person or individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an unincorporated association or a body of individuals, and</li> <li>(vi) such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above.</li> </ul> <p>Explanation. - For the purpose of this clause, the terms "Managing Director" and "Whole-time Director" shall have the meaning assigned to them in the Companies Act, 1956 (1 of 1956).</p>	Reserve Bank vide circular DBOD.AML.BC. No.80/14.01.001/2013-14 dated December 31, 2013, has advised banks to nominate a Designated Director for ensuring compliance with the obligations under the PML Act.
2	Definition of Officially Valid Document – Rule 2(d)	"Officially valid document" means the passport, the driving license, the Permanent Account Number (PAN) Card, the Voter's Identity Card issued by Election Commission of India, job	"Officially valid document" means the passport, the driving license, the Permanent Account Number (PAN) Card, the Voter's Identity Card issued by Election Commission of India, job card issued by	Henceforth, only the documents mentioned in the rule or any other document as notified by the Central Government in consultation with the Regulator

		card issued by NREGA duly signed by an officer of the State Government, the letter issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number or any document as notified by the Central Government in consultation with the Reserve Bank of India or any other document as may be required by the banking company, or financial institution or intermediary;	NREGA duly signed by an officer of the State Government, the letter issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number or <b>any document as notified by the Central Government in consultation with the regulator.</b>	would be 'officially valid documents'. The discretion given to banks earlier stands withdrawn.
3	Definition of transactions – Rule 2 (h)	Transactions include 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.	"transaction" means a purchase, sale, loan, pledge, gift, transfer, delivery or the arrangement thereof and includes- (i) opening of an account; (ii) deposits, 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; (iii) the use of a safety deposit box or any other form of safe deposit; (iv) entering into any fiduciary relationship; (v) any payment made or received in whole or in part of any contractual or other legal obligation; (vi) any payment made in respect of playing games of chance for cash or kind including such activities associated with casino; and (vii) establishing or creating a legal person or legal arrangement.'	Banks are required to take note of these changes.
4	Rule 14(i) and Proviso to Rule 2(d)	New instructions	Rule 14(i) provides that the 'Regulator' may prescribe enhanced or simplified measures to verify the identity of the customers taking into consideration the	In terms of Rule 14(i), it has been decided by the Reserve Bank that 'simplified measures' may be applied in the case of

			<p>type of customer, business relationship, nature and value of transactions based on the overall money laundering and terrorist financing risks involved</p> <p>A proviso has been added to the definition of 'officially valid document' at Rule 2(d), which states that where 'simplified measures' are applied for verifying the identity of customers the following documents shall be deemed to be 'officially valid documents':</p> <ul style="list-style-type: none"> <li>i. identity card with applicant's Photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, and Public Financial Institutions;</li> <li>ii. letter issued by a gazetted officer, with a duly attested photograph of the person;</li> </ul>	<p>'Low risk' customers taking into consideration the type of customer, business relationship, nature and value of transactions based on the overall money laundering and terrorist financing risks involved. In respect of low risk category of customers, where simplified measures are applied, it would be sufficient to obtain any of the documents at (i) and (ii) of proviso to rule 2(d) for the purpose of proof of identity and proof of address.</p>
5	Rule 3 (1) (B)	(B) all series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;	(B) all series of cash transactions integrally connected to each other which have been <b>individually</b> valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month <b>and the monthly aggregate exceeds rupees ten lakhs or its equivalent in foreign currency</b>	Banks are required to take note of these changes.
6	Rule 3(E)	New reporting format added	(E) all cross border wire transfers of the value of more than rupees five lakhs or its equivalent in foreign currency where either the origin or destination of fund is in India; to be reported to FIU-IND	These revised guidelines on reporting of cross border wire transfers (CWTR) have already been issued in terms of circular DBOD. AML. No. 16415

				/14.01.001/2013-14 dated March 28, 2014.
7	Rule 5	<p>Rule 5 (1)(a) reads as:</p> <p>Every reporting entity shall maintain information in respect of transactions with its client referred to in rule 3 *[in hard and soft copies] in accordance with the procedure and manner as may be specified by its regulator from time to time.</p>	Vide amendments to rules notified on February 12, 2010 words 'hard and soft copies' were removed. The rule provides that the regulator has to specify the procedure and manner of maintaining records.	It has been decided that banks may maintain records of the identity of clients, and records in respect of transactions with its client referred to in rule 3 in hard or soft format.
8	Rule 10 (2)	2) The records of the identity of clients shall be maintained in hard and soft copies in a manner as may be specified by its regulators from time to time.	2) The records of the identity of clients shall be maintained in a manner as may be specified by its regulators from time to time. Regulator has to specify the procedure and manner of maintaining the records of the identity of clients.	
9	Rule 7(1)	New addition	The name, designation and address of the Designated Director is to be communicated to the Director, FIU-IND. In addition, it shall be the duty of every reporting entity, its Designated Director, officers and employees to observe the procedure and manner of furnishing and reporting information on transactions referred to in Rule 3.	Reserve Bank vide circular DBOD.AML.BC. No.80/14.01.001/2013-14 dated December 31, 2013, has advised banks to nominate a Designated Director. The banks are, therefore, advised to adhere to the reporting requirements as per this new rule.
10	Rule 8 (1)	All Cash transactions (in terms of Rule 3 (c)) where forged or counterfeit currency notes or bank notes has been used as genuine or where any forgery of valuable security or a document has taken place facilitating the transactions, had to be reported not later than 7 working days from the occurrence of	All Cash transactions (in terms of Rule 3 (c)) where forged or counterfeit currency notes or bank notes has been used as genuine or where any forgery of valuable security or a document has taken place facilitating the transactions, had to be reported by the 15 <sup>th</sup>	The banks are advised to adhere to the reporting requirements as per this new rule.

		such transactions.	day of the succeeding month.	
11	Rule 8 (4)	New addition	In terms of Rule 8, while furnishing of information to the Director FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in this rule shall constitute a separate violation.	The banks are, therefore, advised to take note of these reporting requirements.
12	Proviso to Rule 9(1)(ii)	New instructions	Provided that where the Regulator is of the view that money laundering and terrorist financing risks are effectively managed and where this is essential not to interrupt the normal conduct of business, the Regulator may permit the reporting entity to complete the verification as soon as reasonably practicable following the establishment of the relationship;	Accordingly, it is has been decided that where a customer categorised as low risk expresses inability to complete the documentation requirements on account of any reason that the bank considers to be genuine, and where it is essential not to interrupt the normal conduct of business, the bank may complete the verification of identity within a period of six months from the date of establishment of the relationship.
13	Rule 9(2) Reliance on third party due diligence	No existing instructions on reliance on third party due diligence	For the purpose of identifying and verifying the identity of customers at the time of commencement of an account-based relationship, reporting entity may rely on a third party; subject to the conditions that- (a) the reporting entity immediately obtains necessary information of such client due diligence carried out by the third party; (b) the reporting entity takes adequate steps to satisfy itself that copies of identification data and other relevant documentation relating to the client due diligence requirements will be made	Banks may rely on third party verification subject to conditions at (a) to (e) of Rule 9(2)

			<p>available from the third party upon request without delay;</p> <p>(c) the reporting entity is satisfied that such third party is regulated, supervised or monitored for, and has measures in place for compliance with client due diligence and record-keeping requirements in line with the requirements and obligations under the Act;</p> <p>(d) the third party is not based in a country or jurisdiction assessed as high risk; and</p> <p>(e) the reporting entity is ultimately responsible for client due diligence and undertaking enhanced due diligence measures, as applicable.</p>	
14	Rule 9(3) Procedure for determining beneficial owner	<p>A. Where the client is a person other than an individual or trust, the banking company and financial institution, as the case may be, shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:</p> <p>(i) The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.</p> <p>Explanation: Controlling ownership interest means ownership of/entitlement to more than 25 percent of shares or capital or profits of the juridical person, where the juridical person is a company; ownership of/entitlement to more than 15% of the capital or profits of the juridical person where the juridical person is a partnership;</p>	<p>(a) where the client is a company, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.</p> <p>Explanation.- For the purpose of this sub-clause-</p> <p>1. "Controlling ownership interest" means ownership of or entitlement to more than twenty-five percent of shares or capital or profits of the company;</p> <p>2. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;</p> <p>(b) where the client is a partnership firm, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of/entitlement to</p>	Banks may follow the revised rules for identification of beneficial owner.

	<p>or, ownership of/entitlement to more than 15% of the property or capital or profits of the juridical person where the juridical person is an unincorporated association or body of individuals.</p> <p>(ii) In cases where there exists doubt under (i) as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.</p> <p>Explanation: Control through other means can be exercised through voting rights, agreement, arrangements, etc.</p> <p>(iii) Where no natural person is identified under (i) or (ii) above, the identity of the relevant natural person who holds the position of senior managing official.</p> <p>B. Where the client is a trust, the banking company and financial institution, as the case may be, shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.</p> <p>C. Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-</p>	<p>more than fifteen percent of capital or profits of the partnership;</p> <p>(c) where the client is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;</p> <p>(d) where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;</p> <p>(e) where the client is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership; and</p> <p>(f) where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.</p>	
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		owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.		
15	Rule 9  Proof of Identity and Address required at the time opening an account of an individual	Copy of identity proof such as (i) Driving License (ii) Job Card issued by NREGA duly signed by an officer of the State Govt. (iii) The letter issued by the Unique Identification Authority of India (UIDAI) containing details of name, address and Aadhaar number (iv) Identity card (subject to the bank's satisfaction) (v) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of bank and one proof of address such as (i) telephone bill, (ii) Bank Account Statement, (iii) letter from any recognized public authority, (iv) electricity bill, (v) ration card, (vi) letter from employer (subject to satisfaction of the bank), (vii) a rent agreement indicating the address of the customer duly registered with State Government of similar registration authority.	Any one document from the Officially Valid Document is only allowed. They are: the passport, the driving license, the Permanent Account Number (PAN) Card, the Voter's Identity Card issued by Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government, the letter issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number.  It is implied that proof of address also follows from the above documents only.	In view of the change in the definition of 'Officially Valid Documents,' henceforth, only the documents mentioned in the revised PML Rules would be accepted for opening accounts of individuals. Banks would not have the discretion to accept any other document for this purpose.
16	Rule 9(6) Accounts of companies	(i) Certificate of incorporation and Memorandum & Articles of Association (ii) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account (iii) Power of Attorney granted to its managers, officers or employees to transact business on its behalf (iv) Copy of PAN allotment letter	a) Certificate of incorporation; b) Memorandum and Articles of Association; c) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf; and d) An officially valid document in respect of managers, officers or employees holding an attorney to transact on its behalf.	Banks to take note of the list of documents to be accepted as specified in the Rules.



		(v) Copy of the telephone bill		
17	Rule 9(7) Accounts of partnership firms	(i) Registration certificate, if registered (ii) Partnership deed (iii) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf (iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses (v) Telephone bill in the name of firm/partners	a) Registration certificate; b) Partnership deed; and c) An officially valid document in respect of the person holding an attorney to transact on its behalf.	Banks to take note of the list of documents to be accepted as specified in the Rules.
18	Rule 9(8) Accounts of trusts and foundations	(i) Certificate of registration, if registered (ii) Power of Attorney granted to transact business on its behalf (iii) Any officially valid document to identify the trustees, settlors, beneficiaries and those holding Power of Attorney, founders/managers/directors and their addresses (iv) Resolution of the managing body of the foundation/ association (v) Telephone bill	a) Registration certificate; b) Trust deed; and c) An officially valid document in respect of the person holding a power of attorney to transact on its behalf.	Banks to take note of the list of documents to be accepted as specified in the Rules.
19	Rule 9(9) Accounts of Unincorporated association or body of individuals	No specific instructions in the existing guidelines	a) Resolution of the managing body of such association or body of individuals; b) Power of attorney granted to him to transact on its behalf; c) An officially valid document in respect of the person holding an attorney to transact on its behalf; and d) Such information as may be required by the bank to collectively establish the legal existence of such an association or body of individuals.	Banks to take note of the list of documents to be accepted as specified in the Rules.