

Anti Money Laundering - Investor Education



Statutory/Regulatory References

1. The Prevention of Money Laundering Act, 2002
2. The Prevention of Money Laundering Rules, 2005
3. SEBI circulars from time to time on AML /CFT (Ref: CIR/ISD/AML/3/2010 dated December 31, 2010)



Background

The Prevention of Money Laundering Act, 2002 (PMLA) forms the core of the legal framework put in place by India to combat money laundering.

The PMLA and rules notified there under imposes obligations on banking companies, financial institutions and intermediaries associated with the securities market (like Geojit) to verify identity of clients, maintain records and furnish information to FIU-IND. PMLA defines money laundering offences and provides for the freezing, seizure and confiscation of the proceeds of crime.

Implementation of the measures under the above may require us to seek information/additional documents from clients such as their source of funds/bank records/tax returns etc which may lead to doubts in the clients' mind as to why this is sought. This presentation is therefore to sensitize the clients on the topic.



Money Laundering & Combating Financing of Terrorism

What is Money Laundering: In simple terms, it is the process in which the proceeds of crime are converted into legitimate money/ assets.

Eg: Profits from Drug Trafficking, Arms Deals, Insider Trading being put into long term investments and finally made to look like clean money.

What is Anti Money Laundering (AML): AML is an initiative to detect and control the money laundering activities occurring in the financial market



Competent Authority

Competent Authority to implement the provisions of the Act:

- The Director, FIU-IND and;
- The Director (Enforcement)



What is expected of Geojit

- ❖ Verify the identity of the client by means of Officially Valid Documents and maintain records,
- ❖ Identify the Beneficial Owner and verify his identify through proofs and maintain records
- ❖ Onboard Politically Exposed Persons only with Senior Management approval
- ❖ Risk profile all the clients on the basis of the client profile, PEP status, nature of business, residence etc; and carry out client due diligence
- ❖ Monitor transactions
- ❖ As and when required seek information/documents from clients with respect to their source of funds/ tax returns/ bank records etc
- ❖ Report Suspicious Transactions to the FIU
- ❖ Maintain records with respect to all of the above
- ❖ Train our employees who are working as client interfaces, dealing with finances etc on the concepts and our obligations under AML norms.
- ❖ Educate the investor on the objectives of Anti Money Laundering initiatives



What is your role

If you are an individual:

- Provide valid documents to prove your identity and address
- Provide your accurate contact information including ph. No, email id etc
- Provide accurate information about your occupation and its nature; for eg; if you are carrying on a business, you should be informing us not only the name of your business but also as to what the business is.
- Provide accurate information about your financials. For eg; provide information regarding your annual income and networth etc so that this can justify your trades/ holdings. This information along with the nature of your business would help us to be convinced about your source of funds.
- Co-operate with us when we seek additional information or documents in connection with your trades, holdings etc after understanding that these documents/information etc is sought by us only to comply with statutory/regulatory requirements
- Immediately inform us as and when there is a change in the information that you have provided us along with supporting documents wherever required
- At least on an annual basis update your KYC information with us or co-operate with us when we remind you that a KYC updation is due from your end.



What is your role

If you are a non- individual:

- Provide valid documents to prove your identity and address
- Provide your accurate contact information including ph. No, email id etc
- Provide accurate information about your occupation and its nature; for eg; if you are carrying on a business, you should be informing us not only the name of your business but also as to what the business is.
- Provide your constitutive documents and co-operate in providing any clarification that we seek.
- Co-operate in providing all documents/ clarifications that are required in helping us identify who the ultimate beneficial owner is.
- Provide accurate information about your financials. For eg; provide information regarding your annual income and networth etc so that this can justify your trades/ holdings. This information along with the nature of your business would help us to be convinced about your source of funds.
- Co-operate with us when we seek additional information or documents in connection with your trades, holdings etc after understanding that these documents/information etc is sought by us only to comply with statutory/regulatory requirements



What is your role

If you are a non- individual (contd):

- Immediately inform us as and when there is a change in the information that you have provided us along with supporting documents wherever required
- At least on an annual basis update your KYC information with us or co-operate with us when we remind you that a KYC updation is due from your end.





Thank You

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