EDUCATIONAL NOTE ON
ANTI MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM

A.   Prevention of Money Laundering Act (PMLA / Act):-

PMLA is Indian law passed in 2002 (came into force on 1st July, 2005) to prevent money-laundering and to punish persons engaged in the same.

Punishment under the Act can be   rigorous imprisonment from three years to seven years. There is no upper limit for fine.

Money laundering involves disguising financial assets so that they can be used without detection of the illegal activity that produced them. Through money laundering, the launderer transforms the monetary proceeds derived from criminal activity into funds with an apparently legal source.

 Apart from punishments to be given by courts as stated above, authorities, appointed, under PMLA, can provisionally attach property believed to be "proceeds of crime".

All stock brokers and depository participants as well as stock exchanges and depositories are required under law to take all necessary actions to implement provisions/ requirements of the Act.

B. **Requirements from clients in fulfilling obligation under PMLA:-**

1.   Open accounts in your names in a genuine manner, do not act as a front for any other person including your relatives/ friends/ employers etc. (E.g. Do not open / operate benami accounts). Please provide correct details at the time of submitting the Know your client (KYC) form.

2.   Always give funds and securities which are actually and beneficially owned by you, all transfers must be from bank and depository account(s) held in your name only.

3.   Any change in your status, address, etc. should be immediately informed to RSL.

4.   Submit your source of income, financial details at regular intervals and as and when required by Religare Securities Limited (RSL). Any failure on your part to provide such details may lead to investigation by authorities under PMLA.

Should you require more details with respect to PMLA you are requested to visit website of Financial Intelligence Unit – India (http://fiuindia.gov.in)

For any clarification related to PMLA please email us at: - rsl.aml@religare.com