

# **ANTI MONEY LAUNDERING – EDUCATION PROGRAM**

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**PHILLIPCAPITAL (INDIA) PRIVATE  
LIMITED/**

**PHILLIP COMMODITIES INDIA PRIVATE  
LIMITED**

# What is Money Laundering?

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- ❑ Money laundering is the process by which criminals attempt to hide and disguise the true origin and ownership of the proceeds of their criminal activities.
  - ❑ The term “Money Laundering” is also used in relation to the financing of terrorist activity (where the funds may, or may not, originate from crime).
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# What is Money Laundering?

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- ❑ It is a process of making dirty money clean.
  - ❑ Money is moved around the financial system again and again in such manner that its origin gets hidden.
  - ❑ Money generated from illegitimate source is converted into that derived from legitimate source
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# Key Stages of Money Laundering

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- ❑ Placement
    - of criminal proceeds into the financial system
  
  - ❑ Layering
    - of transactions to confuse the audit trail and distance the original source of funds
  
  - ❑ Integration
    - of funds back into the real economy as “clean and respectable money”
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# CLIENT DUTIES and OBLIGATIONS

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- ❑ 1. **Submit your source of income, financial details at regular intervals and as and when required by PhillipCapital (India) Pvt. Ltd. and/or its group/affiliates companies.**
  - ❑ 2. **Always give funds and securities from account(s) held in your name only.**
  - ❑ 3. **Any change in your status, address, etc should be immediately informed to PhillipCapital (India) Pvt. Ltd. and/or its group/affiliate companies.**
  - ❑ 4. **Provide correct details at the time of submitting the Know your client (KYC) form.**
  - 5. **Co-operate with PhillipCapital (India) Pvt. Ltd. and/or its group/affiliates companies in carrying out its functions to tackle money laundering.**
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# AML- India perspective

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- ❑ The Prevention of Money Laundering Act, 2002 came into effect from 1<sup>st</sup> July 2005
  - ❑ Necessary notifications/ rules under the said Act were published in the Gazette of India on 1<sup>st</sup> July 2005 by the Dept of Revenue, Ministry of Finance, Government of India
  - ❑ Subsequently, SEBI issued necessary guidelines vide circular no. ISD/CIR/RR/AML/1/06 dated 18<sup>th</sup> January 2006 to all securities market intermediaries registered under section 12 of the SEBI Act, 1992
  - ❑ Guidelines were issued in the context of recommendations made by the Financial Action Task Force (FATF) on anti-money laundering standards.
  - ❑ SEBI issued master circular ISD/AML/CIR-1/2010 on February 12, 2010 consolidating all the requirements/ obligations issued with regard to AML/ CFT till February 12, 2010
  - ❑ Also SEBI issued necessary circulars from time to time.
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# Applicability of PMLA Act

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- Banking company
  - Financial institution
  - Intermediary (which includes a stock broker, sub-broker, share transfer agent, portfolio manager, other intermediaries associated with securities market and registered under section 12 of the SEBI Act, 1992)
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# Specific record of transactions prescribed under Rule 3, notified under PMLA 2002

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- ❑ All cash transactions of the value of more than Rs. 10 lacs or its equivalent in foreign currency
  - ❑ All series of cash transactions integrally connected to each other which have been valued below Rs. 10 lacs or its equivalent in foreign currency where such series of transactions take place within one calendar month & aggregate value of such transactions exceeds rupees ten lakh
  - ❑ All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non monetary account such as d-mat account, security account maintained by the registered intermediary.
  - ❑ For the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related should also be considered.
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# Thank You

For any clarifications / grievances please write to us at

[customeraffairs@phillipcapital.in](mailto:customeraffairs@phillipcapital.in)

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