



ANTI MONEY LAUNDERING



IIFL



INVESTOR EDUCATION ON ANTI-MONEY LAUNDERING

Money Laundering

- The process of hiding the source of money obtained from illegal sources and converting it to a clean source, thereby avoiding prosecution, conviction, and confiscation of the criminal funds.
- The Prevention of Money Laundering Act, 2002 forms the core of the legal framework put in place by India to combat money laundering

Steps in Money Laundering

It involves three independent steps

1. Placement
2. Layering
3. Integration



Steps of Money Laundering

1. **Placement** :- Physical disposal of bulk cash proceeds derived from illegal activity.
2. **Layering** :- Separation of illicit proceeds from their source by creating complex layers of financial transactions. Layering conceals the audit trail and provides anonymity.
3. **Integration** :- Re-injection of the laundered proceeds back into the economy in such a way that they re-enter the financial system as normal business funds. Banks and financial intermediaries are vulnerable from the Money Laundering point of view since criminal proceeds can enter banks in the form of large cash deposits. The same funds may be used by the entity to invest in the Capital Market.



The Financial Action Task Force (FATF)

The Financial Task force (FATF) was established by the G- 7 Summit that was held in Paris in 1989. This Intergovernmental body facilitates the development and promotion of policies, both at national and international levels to combat money laundering. India is a member of the FATF since June 2010

Anti – Money Laundering

- The execution of transactions to eventually convert illegally obtained money into legal money.
- It is obligation of entities whom Prevention of Money Laundering is applicable to report certain kind of transactions to Financial Intelligence Unit (FIU).
- It is applicable to various SEBI/RBI regulated intermediaries which includes merchant bankers, portfolio managers, alternative investment funds, depository participants, investment advisors, stock brokers, etc.



Measures taken by IIFL

- Regulatory authorities have issued circulars wherein intermediaries are instructed to adopt written procedures to implement the anti- money laundering provisions covering the following three parameters which is related to 'Client Due Diligence Process'.
 - a. Policy for acceptance of clients
 - b. Procedure for identifying the clients
 - c. Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR)
- To avoid Money laundering, identification of customers and monitoring of transactions is a very critical process.
- Hence, we have adopted the Anti-Money Laundering and Combating of Financing of Terrorism Policy. IIFL has put in place a robust system of complying with the PMLA requirements.



- Clients are requested to get the income details, occupation/nature of business, mobile number, email ids and other details updated in their account by submitting a request to our office which will help us to monitor the transactions based on the updated profile and close the alert.
- Adherence to AML Program policies and procedures is to enhance fraud prevention measures taken by IIFL to protect itself and its genuine investors and ensure governance.
- The clients are advised to co-operate by providing the additional information / documents, if asked for during the course of your dealings with us to ensure the compliance requirements under this Act.



Request from you if you are an non – individual

- Provide valid documents to prove your identity and address
- Provide your accurate contact information including phone No, email id etc.
- Provide accurate information about your occupation and its nature
- 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.
- Co operate with us when we seek additional information or documents in connection with your trades, holdings etc after understanding that these documents/information is sought by us only to comply with statutory/regulatory requirements.



Request from you if you are an individual

- 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



Please visit website of FIU (www.fiuintia.gov.in),
SEBI (www.sebi.gov.in) and RBI (www.rbi.org.in)
for any further information.