

FMC issues norms for implementing provisions of PML Act

To prevent money laundering and combat financing of terrorism through commodity markets, regulator FMC today issued guidelines for bourses for implementing provisions of the PML Act.

The guidelines, to be implemented with immediate effect, also outlines steps required to be taken by commodity exchanges and their members (brokers) to prevent money laundering in the commodity markets and to combat financing terrorism.

These guidelines are broadly related to maintaining and monitoring of records of all transactions to help tracing of the audit trail of suspected trading account. It also outlines procedures for client due diligence process.

In February 2013, commodity exchanges and their members were brought under the ambit of the Prevention of Money Laundering (PML) Act 2002. However, the guidelines for its implementation are being issued now.

"Consequently, the Commission considered it necessary to issue this master circular, which contains a general background and summary of the main provisions of the PML Act and the rules made there under," Forward Markets Commission (FMC) said in the 35-page circular.

The FMC circular gives directions to bourses and their members relating to implementation of the provisions of the PML Act and outlines steps required to be taken to prevent money laundering in the commodity markets in India, and to combat financing terrorism, it added.

As per the circular, the FMC has asked commexes to maintain all records of transactions and preserve information related to nature, amount, date and parties of transactions.

That apart, it has also asked intermediaries to designate a director and principal officer for monitoring and reporting of all transactions and sharing of information as required under the PML Act.

A monthly information on all transactions should be submitted to the Union Finance Ministry by the 15th day of the succeeding month, the circular said.

Intermediaries are also directed to maintain records that will help investigating authorities to trace through the audit trail for reconstructing a financial profile of the suspect account.

Intermediaries should ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities.

They are also required to set up an internal procedures to prevent and impede money laundering and terror financing in line with the PML Act.

"Each intermediary shall formulate written procedures to implement the anti-money laundering provisions as envisaged under the PML Act," the circular said.

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