

MINISTRY OF FINANCE
(Department of Revenue)

NOTIFICATION

New Delhi, the 24th May, 2007

G.S.R. 389(E).- In exercise of the powers conferred by sub-section (1) read with clause (h), clause (i), clause (j) and clause (k) of sub-section (2) of Section 73 of the Prevention of Money-laundering Act, 2002 (15 of 2003), the Central Government, in consultation with the Reserve Bank of India, hereby makes the following rules further to amend the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, namely :-

1. (1) These rules may be called the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Amendment Rules, 2007.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, -

(i) in rule 2, in sub-rule (1), in clause (g), for sub-clause (c), the following sub-clauses shall be substituted, namely:-

“(c) appears to have no economic rationale or *bona fide* purpose; or

(d) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism;”;

(ii) in rule 3, in sub-rule (1), for clause (C), the following clause shall be substituted, namely, -

“(C) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;”;

(iii) for rule 8, the following rule shall be substituted, namely :-

“8. Furnishing of information to the Director. –(1) The Principal Officer of a banking company, a financial institution and an intermediary, as the case may be, shall furnish the information in respect of transactions referred to in clauses (A) and (B) of sub-rule (1) of rule 3 every month to the Director by the 15th day of the succeeding month.

(2) The Principal Officer of a banking company, a financial institution and an intermediary, as the case may be, shall furnish the information promptly in writing or by fax or by electronic mail to the Director in respect of transactions referred to in clause (C) of sub-rule (1) of rule 3 not later than seven working days from the date of occurrence of such transaction.

(3) The Principal Officer of a banking company, a financial institution and an intermediary, as the case may be, shall furnish the information promptly in writing or by fax or by electronic mail to the Director in respect of transactions referred to in clause (D) of sub-rule (1) of rule 3 not later than seven working days on being satisfied that the transaction is suspicious.”;

(iv) in rule 9,-

(a) in sub-rules (3), (4) and (5), for the words “three certified copies”, the words “one certified copy” shall be substituted;

(b) in sub-rule (6), for the words “three copies”, the words “one certified copy” shall be substituted.

[Notification No. 4/2007-E.S./F.No. 6/13/2005-E.S.]

MUKUL SINGHAL, Jt. Secy.

Note : The principal rules were published in Part-II, Section 3, sub-section (i) of the Gazette of India, Extraordinary *vide* notification Number G.S.R.444(E), dated the 1st July, 2005 and subsequently amended *vide* notification number G.S.R.717(E), dated the 13th December, 2005.