

# FREQUENTLY ASKED QUESTIONS (FAQs) ON INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (ANTI MONEY LAUNDERING, COUNTER- TERRORIST FINANCING AND KNOW YOUR CUSTOMER) GUIDELINES, 2022

These FAQs do not constitute legal advice but are intended to provide clarity on the concepts related to the IFSCA (AML, CTF and KYC) Guidelines, 2022 (“Guidelines”). Any queries about the Guidelines may be addressed to Division of AML/CFT at [aml-cft-div@ifsc.gov.in](mailto:aml-cft-div@ifsc.gov.in). In case of any disparity between these FAQs and the provisions of relevant Acts/rules/regulations/ Guidelines, the later shall prevail.

## **FREQUENTLY ASKED QUESTIONS**

### **I. Applicability of the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022:**

- 1. The International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 ('Guidelines') are applicable to which entities?**

*As per clause 1.2 of Chapter-I of the **Guidelines**, it shall be applicable to every Regulated Entity (RE) which is **licensed, recognized, registered by International Financial Services Centres Authority (IFSCA)** and also to the Regulated Entities authorised by it, to the extent specified.*

*The provisions of the **Guidelines** shall also apply to the **Financial Group** of the Regulated Entity, to such an extent as specified in Chapter-XII of the **Guidelines**.*

### **II. Appointment of Designated Director and Principal Officer**

- 2. Can the Designated Director and Principal Officer be the same person?**

*The Designated Director and Principal Officer shall be different individuals.*

- 3. Who can be designated as Designated Director?**

*The Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2022 issued vide gazette notification dated **13<sup>th</sup> July 2022**, stipulates that if the reporting entity is located in IFSC, **Designated Director (DD)** includes a person who is heading the reporting entity.*

*The head of the regulated entity in IFSC can be designated as Designated Director.*

- 4. Who can be designated as Principal Officer?**

*Chapter-VIII, clause 8.2 (c) & (f) of the **Guidelines**, stipulates that any person having necessary seniority and authority within the Regulated Entity and distinct from the internal audit and business line functions of RE shall be designated as Principal Officer (PO).*

- 5. Can a legal entity be designated as Designated Director or Principal Officer?**

*The Designated Director or Principal Officer shall be a natural person; no legal entity or any other juridical person can be designated as Designated Director or Principal Officer by Regulated Entity.*

- 6. Can a Principal Officer of a Fund Management Entity (FME) under the IFSCA (Fund Management) Regulations, 2021 (FM Regulations) be designated as Principal Officer in respect of Guidelines?**

*The Principal Officer under the FM Regulations shall be responsible for the overall activities of the FME.*

*To enable unbiased judgments and facilitate impartial advice to management, the Principal Officer under the **Guidelines** should be distinct from the internal audit and business line functions (refer clause 8.2 (f) of the Guidelines).*

*Thus, the Principal Officer of an FME under the FM Regulations is not eligible to be designated as Principal Officer in respect of IFSCA (AML/CFT/KYC) Guidelines, 2022.*

**7. Can a Principal Officer of an FME under the FM Regulations be designated as Designated Director with respect to Guidelines?**

*If the Principal Officer of an FME under the FM Regulations is the head of the Regulated Entity, in such case, by virtue of The Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2022 issued vide gazette notification dated 13<sup>th</sup> July 2022, such Principal Officer of an FME under the FM Regulations can be designated as Designated Director.*

**8. Can a Designated Director and Principal Officer of parent entity located in onshore India be designated as Designated Director and Principal Officer of Regulated Entity in IFSC?**

*The Head of the Regulated Entity in IFSC shall be Designated Director (DD) and as per clause 8.2 (f) of the **Guidelines**, the Principal Officer shall have the necessary seniority and authority within the Regulated Entity to effectively perform its responsibilities. Thus, the Designated Director and Principal Officer of parent entity located in **onshore** India is not eligible to be designated or appointed as Designated Director and Principal Officer of Regulated Entity in IFSC.*

**9. Whether the Designated Director and the Principal Officer of the FME appointed for the purpose of Guidelines, can be designated as the Designated Director and Principal Officer for the Alternate Investment Fund (AIF) to undertake the compliances required under the Guidelines?**

*The Designated Director and Principal Officer appointed for the purpose of implementation of Guidelines by the FME registered with IFSCA, can be designated as Designated Director and Principal Officer for the AIF(s) managed by the FME.*

**III. AML/CTF/KYC Policy**

**10. Which entities shall have the AML-CFT KYC policy as per the Guidelines?**

*Every unit/entity which has been granted license, recognition, registration, or authorization by the IFSCA shall formulate an AML-CFT-KYC policy which shall be duly approved by the Governing Body or by a committee to whom such power has been delegated by the Governing Body. (Refer clause 1.5 of the Guidelines)*

**11. Which authority is considered as Governing Body for the purpose of approval of AML/CTF/KYC policy of a Regulated Entity?**

*In view of clause 1.3.20. of the Guidelines, Governing Body for the purpose of approval of AML/CTF/KYC policy of a Regulated Entity means:*

- (a) In relation to a company- the board of directors;*
- (b) In relation to a partnership firm- the partner(s);*
- (c) In relation to a limited liability partnership- the partners including any designated partner (s);*
- (d) In relation to a trust- the managing trustee (s); and*
- (e) In relation to an unincorporated association or a body of individuals - committees of management or anybody who controls and manages the affairs of such unincorporated association or a body of individuals (consisting of more than one person);*
- (f) In relation to a Regulated Entity established as a branch, a committee constituted at the branch level with the authorization of the Governing Body of the parent entity of the Regulated Entity.*

**12. Whether a company already having an existing AML/CFT/KYC policy under Prevention of Money Laundering Act, 2002, is required to formulate and approve separate AML/CFT/KYC policy under Guidelines, or the existing AML policy can be amended to incorporate the requirements prescribed in the Guidelines?**

*As per clause 1.5 of Chapter-I of the **Guidelines**, every Regulated Entity shall formulate an AML-CFT-KYC policy incorporating the key principles or elements of the **Guidelines**, which shall be duly approved by the Governing Body or by a committee to whom such power has been delegated by the Governing Body.*

*Thus, in case existing AML/CFT/KYC policy of the Regulated Entities already includes key principles or elements of the Guidelines the same may be continued without the need for formulating a new AML/CFT/KYC policy.*

*Alternatively, in case existing AML/CFT/KYC policy of the Regulated Entities does not includes key principles or elements of the Guidelines, the Regulated Entities shall incorporate the same and get approved by the Governing Body or by a committee to whom such power has been delegated by the Governing Body*

**IV. FIU-IND Registration and obligations thereunder.**

**13. Which IFSC entities are required to register on FIU-IND FINGate 2.0 portal?**

*All Regulated entities granted license, recognition, registration or authorization by the IFSCA except an Alternate Investment Fund (AIF) of an FME registered with IFSCA shall register on FIU-IND FINGate 2.0 portal.*

**14. Why regulated entities in IFSC are required to do FIU-IND FINGate 2.0 portal registration?**

*As per Clause 10.3 of the Guidelines, Regulated Entity shall furnish to the Director, Financial Intelligence Unit-India (FIU-IND), the required information referred to in rule-3 of the Prevention of Money laundering (Maintenance of Records) Rules, 2005 and in accordance with the terms of rule-7 thereof.*

***To comply with such reporting requirements, all Regulated Entities in IFSC are required to register on FIU-IND FINGate 2.0 portal.***

**15. What is the process of registration of Regulated Entities on FIU-IND FINGate 2.0 portal?**

*Registration on FIU-IND FINGate 2.0 portal is a two-step procedure. The first step is Regulated Entity registration, and second step is Designated Director and Principal Officer registration. (Link for registration: <https://www.fingate.gov.in/proactive-re-registration>, Link for Guidance video for registration: [https://fiuindia.gov.in/videos/RE\\_Registration\\_Process.mp4](https://fiuindia.gov.in/videos/RE_Registration_Process.mp4) )*

**16. What should be filled in 'RE Name' tab, if the regulated entity is operating in IFSC in the form of branch of an entity already registered on FIU-IND FINGate 2.0 portal as a reporting entity operating in onshore India?**

*In such cases, the Regulated Entities should write 'IFSC' as a suffix/ prefix with the Regulated Entity's name.*

**17. What should be the RE type, while registering on FIU-IND registration portal?**

*The Regulated entity registering on FIU-IND FINGate 2.0 portal shall select International Financial Services Centre (IFSC) in 'RE type' tab.*

**18. Who shall be the regulator, while registering on FIU-IND registration portal?**

*The Regulated entity registering on FIU-IND portal shall select International Financial Services Centre Authority (IFSCA) in 'Regulator type' tab.*

**19. Who shall be the primary user for registering on FIU-IND registration portal?**

*The Principal Officer, designated under the Guidelines, shall be the primary user.*

**20. What information the REs is required to furnish to the FIU-IND Director?**

Every Regulated Entity is required to furnish information to FIU-IND about -

- all transactions involving receipts by non-profit organizations of value more than rupees ten lakh, or its equivalent in foreign currency
- all suspicious transactions whether or not made in cash
- all cross border wire transfers of the value of more than five lakh rupees or its equivalent in foreign currency where either the origin or destination of fund is in India.
- all purchase and sale by any person of immovable property valued at fifty lakh rupees or more that is registered by the reporting entity, as the case may be.

**21. Whether the Regulated Entity in the form of a branch needs to have separate registration with FIU-IND for reporting obligations?**

*Yes, all Regulated Entities shall register with FIU-IND at FINGate 2.0 portal for undertaking all reporting obligations as provided under Rule 3 of the Prevention of Money laundering (Maintenance of Records) Rules, 2005.*

- 22. Whether Regulated Entities operating in IFSC are also required to furnish all “cross border wire transfer (CBWTR) of the value more than five lakh rupees or equivalent in foreign currency to FIU-IND.?**

*As per Rule 8 of the PML (Maintenance of Records) Rules, 2005 and clause 1.3.33 of the Guidelines, all financial institutions in IFSC facilitating cross border wire transfer are required to furnish information in respect all transactions through “cross border wire transfer (CBWTR) of the value more than five lakh rupees or equivalent in foreign currency to FIU-IND.*

- 23. Whether all the transactions to / from GIFT-IFSC branch will be considered as cross border transactions?**

*As per clause 1.3.10 of the Guidelines, “Cross-border wire transfer” means any wire transfer (including a chain of wire transfers) where either the ordering institution or the beneficiary institution is located in IFSC.*

*Hence, all the transactions where either the ordering institution or the beneficiary institution is located in GIFT-IFSC will be considered as outside IFSC will be cross-border transactions.*

- 24. Whether a Regulated Entity having more than one license/registration/recognition/authorization issued by IFSCA is required to do multiple registration on FIU-IND registration portal?**

*A Regulated Entity holding multiple licenses/registration/recognition/authorization issued by IFSCA, shall have single FINGate 2.0 Registration.*

- 25. A Regulated Entity which has obtained more than one license/registration/recognition/authorization by IFSCA, shall provide which license/registration/recognition/authorization number while registering on FIU-IND registration portal?**

*The RE Registration Number shall be the license/registration/authorization number (granted by IFSCA) of the principal revenue generating business of the RE.*

*Further in the 'line of business' dropdown all the business for which Regulated Entity has been granted license/registration/recognition/authorization by IFSCA should be selected.*

- 26. Who should be contacted if there are technical issues during the registration process on the FIU-IND FINGate 2.0 portal?**

*For any technical issue on FINGate 2.0, the Regulated Entities shall write to "HelpDesk FIU India" [helpdesk-re@fuindia.gov.in](mailto:helpdesk-re@fuindia.gov.in)*

## **V. Customer Due Diligence**

- 27. Who can be authorised to act as business facilitator by the Regulated Entity under the IFSCA (AML/CFT/KYC) Guidelines, 2022?**

The Business Facilitators shall be *domiciled and regulated or registered in jurisdiction not identified in the public statement of FATF as ‘High Risk Jurisdictions’ subject to a ‘Call for Action’; or from any country specified by the Government of India by an order or by way of agreement or treaty with other sovereign governments can be authorised to act as business facilitator by Regulated Entity for the purpose of the IFSCA (AML/CFT/KYC) Guidelines, 2022 (Refer Point (4) of Guidance Note to Part III of Annexure-I of the IFSCA (AML/CFT/KYC) Guidelines, 2022)*

**28. How the verification of the identity of the customers can be carried out as per the Guidelines?**

1. *Offline verification: Examination of the original identification documents and retain a copy of the same or obtaining a copy of the document that is certified to be a ‘true copy’ and such certification may be carried out by any of the following for a non-resident individuals including Non-Resident Indians (NRIs):*  
*Authorised official of a bank located in a Financial Action Task Force (FATF) compliant jurisdiction with whom the individual has banking relationship;*  
*(ii) Notary Public (outside India);*  
*(iii) Court Magistrate (outside India);*  
*(iv) Judge (outside India);*  
*(v) Certified public or professional accountant (outside India);*  
*(vi) Lawyer (outside India);*  
*(vii) The Embassy/Consulate General of the country of which the non-resident individual is a citizen; or*  
*(viii) Any other authority as may be specified by the Authority*  
*. (Refer Point (6) to Guidance note to clause 5.4.3 of Chapter 5 of the **Guidelines**).*
2. *Video based Customer Identification Process” or “V-CIP” for onboarding Indian Nationals (Refer Annexure II of the **Guidelines**)*
3. (i) *Use of Business Facilitators; or*  
 (ii) *Except for high-risk customers, the following mode of verification may also be considered:*  
 -  
 (a) *downloading publicly available information from an official source (such as a regulator’s or other official government website).*  
 (b) *CDD information and research report obtained from a reputable company or information obtained from reliable and independent public information found on the internet and commercial databases may also be acceptable as a reliable source, provided that the commercial database is recognized for such purpose by the home regulator. (Refer Part III of Annexure-I of the **Guidelines**)*

**29. Can a lawyer certify the ‘OVDs’ of individuals in his personal capacity?**

*As per clause 1.3.7 of the Guidelines, in case of non-resident individuals including Non-Resident Indians (NRIs), the certification may be carried out by a Lawyer (outside India).*

**30. In case of a foreign national categorized as Medium/ High risk customer and his/her overseas passport does not contain the address and such person has no other address proof, in such situation can the latest utility bill or bank statement be accepted as an address proof?**

*As per fourth proviso to clause 1.3.30 of the Guidelines, in case the Officially Valid Document presented by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.*

*Thus, in case of a foreign national categorized as Medium/ High risk customer, the latest utility bill or bank statement cannot be accepted as an address proof.*

### **31. What are the deemed officially valid documents as proof of address for low-risk customers?**

*As per third proviso to clause 1.3.30 of the Guidelines, where the simplified measures are applied for verifying the limited purpose of proof of address of the customer, where a prospective customer is unable to produce any proof of address, the following document shall also be deemed to be Officially Valid Document:*

- (i) utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);*
- (ii) property, Municipal tax receipt, city council tax receipt, or such other equivalent document;*
- (iii) Post Office savings bank account statement or statement of a bank account including of a foreign bank;*
- (iv) pension or family Pension Payment Orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;*
- (v) letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled*
- (vi) commercial banks, financial institutions and listed companies and leave and license agreements*
- (vii) with such employers allotting official accommodation; and*

### **32. Whether V-CIP applicable only for onboarding Indian Nationals?**

*The IFSCA (AML/CFT/KYC) Guidelines, 2022 provides for V-CIP Procedure for onboarding Indian nationals **only**.*

## **VI. Video based Customer Identification Process**

### **33. Which Non-Resident Indian (NRI) customers are eligible for onboarding via V-CIP, and what specific conditions apply?**

*V-CIP can be opted by the Regulated Entities (REs) to onboard NRI customers, who meet the following conditions:*

- i. Customer holding an **Aadhaar Card** and an active Indian Mobile Number for the purpose of receipt of OTP;*
- ii. Customer is classified as a **low-risk customer** by the Regulated Entity;*



- iii. **Customer resides** in any one of the specified jurisdictions, namely, USA, Japan, South Korea, UK excluding British Overseas Territories, Canada, UAE, Singapore, Australia and European Union excluding Croatia;
- iv. Customer holds bank account in any of the specified jurisdiction containing valid proof of current address to that effect;
- v. The customer's **IP address emanates from India or any of the above-mentioned list of jurisdictions specified in the current address proof** submitted by the NRI customer.

**34. When should the account be opened in the debit freeze/ inactive account mode of a Non-Resident Indian ('NRI') customer?**

*In cases where current address of NRI customer cannot be verified from reliable / independent sources, the Regulated Entity shall open the account of the customer in the debit freeze / inactive mode.*

**35. When will the debit freeze/ inactive account of a Non-Resident Indian ('NRI') customer be made operational?**

*The debit freeze / inactive account of NRI customer shall be made operational only upon receipt and verification of the first credit received from the overseas bank account of such client, submitted as verification of proof of current address. The details of overseas bank account is required to be furnished by the customer at the time of account opening and the details of client such as name and address shall be matched with the OVDs prior to activation of debit freeze / inactive account.*

**36. Does the verification of the first credit transaction necessarily have to be done through a SWIFT message?**

*The verification of the first credit transaction can be done through any reliable method that confirms the details of the bank account holder, including name, account number, address, etc. This may include SWIFT messages or any other available, secure and verifiable means of confirmation as may be specified by the Authority.*

**37. How does a Regulated Entity, other than IBU, implement the provision of opening an account in debit freeze / inactive mode?**

*In cases where the Regulated Entity, other than IBU, is unable to verify the current address from reliable sources, it must ensure that no business relationship or investment activity is initiated, until the verification of first credit from the bank account provided by such customer, as proof of current address at the time of V-CIP onboarding process, takes place.*

**38. Where an NRI customer submits an OVD containing the current address, and such address can be verified through reliable and independent sources for instance, from the database of the issuing authority (e.g., a U.S. driving license), a bank statement of an account maintained in a specified jurisdiction reflecting the current address, or a CKYC record containing the current**

**address is the Regulated Entity still required to open the account in a debit freeze / inactive mode for the purpose of address verification?**

*No. Where the current address of the NRI customer can be verified through reliable and independent sources, the Regulated Entity is not required to open the account in a debit freeze / inactive mode. The account may be made operational upon completion of standard verification procedures.*

**39. Where the identification details of an NRI customer are verified through the CKYC Record, but the current address cannot be verified from CKYC records or any other reliable sources, what action should the Regulated Entity take?**

*In such cases, where only the identity of the NRI customer is verified through the CKYC records but the current address cannot be independently verified from CKYC records or other reliable sources, the Regulated Entity shall open the customer's account in a debit freeze / inactive mode. The account may be made operational only upon receipt and verification of the first credit from the bank account provided by the customer as proof of current address.*

**40. Can NRI Customer be onboarded through methods other than V-CIP, such as face-to-face onboarding or reliance on third party?**

*Yes, V-CIP is an additional mode for onboarding of NRI customers categorized as low risk. Regulated Entity can onboard NRI customers through any of the modes specified under the IFSCA (AML, CFT & KYC) Guidelines, 2022.*

**41. Who is ultimately responsible for the CDD in case of onboarding or updation/periodic updation of KYC of the customer conducted via V-CIP?**

*The ultimate responsibility of CDD rests with the Regulated Entity, even in cases where technology infrastructure for V-CIP is housed within the premises of the Regulated Entity's Financial Group entity supervised by a financial regulator or a KYC Registration Agency (KRA) registered with IFSCA and operated by officials of such financial group entity or KRA.*

**42. What location and timing data must be included in the video recordings?**

*The video recordings should contain the live GPS co-ordinates (geo-tagging) of the customer undertaking the V-CIP and date-time stamp.*

**43. What cybersecurity and resilience standards must be complied by the Regulated Entity while undertaking V-CIP?**

*The cybersecurity and resilience standards specified under IFSCA's "Guidelines on Cyber Security and Cyber Resilience for Regulated Entities in IFSCs" dated March 10, 2025, shall be complied with. The same can be accessed at: <https://shorturl.at/SUZcB>.*

**44. Can a Regulated Entity use generic digital communication platforms (such as Microsoft Teams or social media applications) for customer onboarding purposes?**

*No, the platform used for the V-CIP purpose should confirm the minimum technical and procedural standards as prescribed under Clause 5.4.3 and Annexure II Part-A of the IFSCA KYC/AML/CFT Guidelines, particularly in relation to controls against identity spoofing, cyber vulnerabilities, and prevention of impersonation or forgery. If a software is not capable to follow these guidelines, V-CIP will not be considered valid.*

## **VII. Fund Management Entity/ Alternate Investment Funds**

- 45. Whether the business risk assessment for the AIF Fund can be undertaken by the FME managing the AIF Fund?**

*The FME managing the AIF can undertake business risk assessments of such AIF.*

- 46. Whether the customer risk assessment for the Alternative Investment Funds (AIF) can be undertaken by the Fund Management Entity managing the AIF Fund or any other third party?**

*Fund Management Entity being a Regulated Entity managing the AIF, shall only undertake the customer risk assessment for the Alternative Investment Fund, the same shall not be outsourced to any third party.*

- 47. Whether the CDD for the Alternative Investment Funds can be undertaken by the Fund Management Entity managing the Alternative Investment Funds or any other third party under 'third party reliance' framework as permitted under the IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines 2022?**

*The Fund Management Entity managing the Alternative Investment Funds or any third party as defined under clause 6.1 of the Guidelines can undertake CDD for the Alternative Investment Funds in accordance with Chapter VI and other relevant provisions of the Guidelines.*

- 48. Whether the periodic updating of CDD for the Alternative Investment Funds can be undertaken by the Fund Management Entity managing the Alternative Investment Funds or any other third party in accordance with the 'third party reliance' provisions provided under the IFSCA (AML/CFT/KYC) Guidelines, 2022?**

*The Fund Management Entity managing the Alternative Investment Funds or any other third party as defined under clause 6.1 of the Guidelines, can undertake CDD for the Alternative Investment Funds in accordance with the Guidelines.*

- 49. Whether the requirement of the audit function for the Alternative Investment Funds be outsourced to third party auditors?**

*The audit function to oversee effectiveness of the AML / CFT and KYC process for the AIF Fund can be included in the audit scope of the Regulated Entity as per the FME Regulations.*

## **VIII. Suspicious Transaction Report (STR)**

**50. To which authority, the information relating to suspicious transactions has to be reported?**

*As provided in point (4) of guidance note to clause 10.3 of the IFSCA (AML/CFT/KYC) Guidelines, 2022, the information relating to suspicious transactions has to be reported to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:*

*Director, FIU-IND, Financial Intelligence Unit-India,  
6<sup>th</sup> Floor, Tower-2, Jeevan Bharati Building, Connaught Place, New Delhi-110001,  
Telephone: 91-11-23314429, 23314459  
Website: <http://fiuindia.gov.in>*

**51. Who is responsible for submission of suspicious transactions report to FIU-IND?**

*As per point (5) (a) (iii) of the guidance note to clause 10.3 of the IFSCA (AML/CFT/KYC) Guidelines, 2022, the Principal Officer shall be responsible for timely submission of **suspicious transactions report** to FIU-IND.*

**52. Within how much time suspicious transactions report shall be filed with FIU-IND?**

*As per point (5) (a) (i) of the guidance note to clause 10.3 of the Guidelines and subsequent modification thereof vide circular dated 23<sup>rd</sup> October 2023, the Suspicious Transaction Report (STR) shall be submitted promptly on conclusion that any transaction or a series of transactions that are integrally connected, are of suspicious nature.*

**53. Under which circumstances the disclosure of information on suspicious transactions is allowed?**

*As per clause 10.4 (b) of the Guidelines and subsequent modification thereof vide circular dated 12<sup>th</sup> October 2023 disclosure of information on suspicious transactions is allowed under the following circumstances:*

- (i) disclosure to an officer, employee or agent of the Regulated Entity for any purpose connected to the performance of that person's duties;*
- (ii) disclosure to a lawyer for the purpose of obtaining legal advice on the matter;*
- (iii) disclosure to a supervisory authority (to enable it to carry out its supervisory role);*
- (iv) disclosure in compliance with the court order.*
- (v) disclosure or information sharing among entities in a Financial Group.*

**IX. Countering Terrorist Financing**

**54. In case the particulars of any the customer matches with the particulars of designated individuals/entities in the Sanction list, what action should be undertaken by Regulated Entity?**

*As per UAPA Order bearing file no.14014/01/2019/CFT dated February 2, 2021 (link: [https://www.mha.gov.in/sites/default/files/ProcedureImplementationSection51A\\_30032021.pdf](https://www.mha.gov.in/sites/default/files/ProcedureImplementationSection51A_30032021.pdf)) and circular dated 20<sup>th</sup> October 2023 on Procedure for implementation of Section 12A of "The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 ('WMD, Act') (link: <https://ifsca.gov.in/Pages/Contents/WMD-Act->*

[Designated-Lists](#) ), in case of match, the Regulated Entity shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or Insurance policies etc., by such customer on their books to the Central designated Nodal Officer via Fax, telephone and /or email. A copy of the communication shall also be sent to the State Nodal officer/ UAPA, IFSCA and FIU-IND, without delay.

**55. What is the timeframe within which the Regulated Entity shall communicate the details of the customers whose name is matched with the particulars of designated individuals/entities in the Sanction list?**

*In case of the match, the particulars of the matched customer shall be communicated to the specified authorities without delay.*

*As per circular dated 22<sup>nd</sup> November 2023 on Procedure for implementation of Section 12A of "The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005" and Section 51A of Unlawful Activities (Prevention) Act, 1967 ('UAPA'), the term without delay is clarified to mean on the same business day but not later than 24 hours in any case.*

**56. Under what circumstances the Regulated Entity shall prevent the individual or entity from conducting a financial transaction?**

*As per UAPA Order bearing file no.14014/01/2019/CFT dated February 2, 2021 and circular dated 20<sup>th</sup> October 2023 on Procedure for implementation of Section 12A of "The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005, in case the match of any of the customers with the particulars of designated individuals/entities is beyond doubt, the Regulated Entity shall prevent such designated persons from conducting financial transactions, under intimation to the Central designated Nodal Officer for the UAPA /WMD via Fax, telephone and e-mail, IFSCA and FIU-IND, without delay.*

**57. In view of Order issued under Section 51A of the UAPA, in what circumstances the Regulated Entities shall freeze the assets of the designated individuals/entities?**

*As per UAPA Order bearing file no.14014/01/2019/CFT dated February 2, 2021 the Regulated Entities shall freeze the fund/ assets of designated individual/ entities under following circumstances:*

- 1. When after verification conducted by the State Police and/or the Central Agencies, an order to freeze the assets under Section 51A of the UAPA is issued by the Central Designated Nodal Officer under the UAPA, Act.*
- 2. In case the dealers of precious metals/stones (DPMS) hold any assets or funds of the designated individual/entity, either directly or indirectly, they shall freeze the same without delay and inform the UAPA Nodal officer of the State/UT.*
- 3. Where any person, either directly or indirectly, holding any funds or other assets of designated individuals or entities, shall, without delay and without prior notice, cause to freeze any transaction in relation to such funds or assets, by immediately informing the nearest Police Station, which shall, in turn, inform the concerned UAPA Nodal Officer of the State/UT along with details of the funds/assets held.*

4. *Where the name of any person matches with the designates/lists of individual or organisation issued pursuant to requests from other countries under the United Nations Security Council Resolution 1373 of 2001 the Regulated Entities shall freeze without delay the funds or other assets of such persons.*

**58. In view of Order issued under Section 12A of the Weapons of Mass Destruction and their Delivery Systems Act, 2002 ('WMD, Act') in what circumstances the Regulated Entities shall freeze the assets of the designated individuals/entities?**

*As per Circular dated 20<sup>th</sup> October 2023 on Procedure for implementation of Section 12A of "The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 ('WMD, Act') the Regulated Entities shall freeze the fund/ assets of designated individual/ entities under following circumstances:*

- 1. When after verification conducted by the State Police and/or the Central Agencies, an order to freeze the assets under Section 12A of the WMD Act is issued by the Central Nodal Officer.*
- 2. In case the dealers of precious metals/stones (DPMS) hold any assets or funds of the designated individual/entity, either directly or indirectly, they shall freeze the same without delay and inform the Section 12A Nodal Officer in the Central Board of Indirect Taxes and Customs (CBIC).*
- 3. Where any natural and legal person, holding any funds or other assets of designated individuals or entities, shall, without delay and without prior notice, freeze any transaction in relation to such funds or assets and shall immediately inform the state Nodal Officer along with details of the funds/assets held.*

**59. In cases where a customer who are inadvertently affected by the freezing mechanism and upon verification it is found out that the individual or entity is not a designated person or no longer meet the criteria for designation, in such cases when should the Regulated Entities unfreeze the funds, financial assets or economic resources or related services of individuals/entities/applicant?**

*When the Chief Nodal Officer (CNO) passes an order for unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant.*

**60. What is the procedure for unfreezing the funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person?**

- a. Any individual/entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held has been inadvertently frozen, an application may be moved giving the requisite evidence, in writing, to the relevant RE/IFSCA/ Nodal Officer.*
- b. The RE/IFSCA/Nodal Officer shall inform, and forward a copy of the application, together with full details of the asset frozen, as given by applicant to the CNO by email, FAX and by Post, within two working days. Also, listed persons and entities may petition a request for delisting at the Focal Point Mechanism established under UNSC Resolution.*

- c. *The CNO shall cause such verification, as may be required on the basis of the evidence furnished by the individual/entity, and, if satisfied, it shall pass an order, without delay, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under intimation to all RE/ /IFSCA /Nodal Officer. However, if it is not possible, for any reason, to pass an Order unfreezing the assets within 5 working days, the CNO shall inform the applicant expeditiously.*
- d. *The CNO shall, based on de-listing of individual and entity under UN Security Council Resolutions, shall pass an order, if not required to be designated in any other order, without delay, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant, under intimation to all RE/Registrar of Immovable Properties/ROC/IFSCA and the State Nodal Officer.*

**Note: These FAQs are issued on the basis of clarifications requested by the Regulated Entities frequently. For complete guidance Kindly refer to the IFSCA (AML/CFT/KYC) Guidelines, 2022 and subsequent circulars issued available on Link: <https://ifsca.gov.in/Legal/Index/TCce8MyOmco=>**