

Guidelines issued by the Regulator on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) obligations for Real Estate Agents under the Prevention of Money Laundering Act, 2002 and the Prevention of Money Laundering (Mai...

DG Audit <dg.audit-cbec@nic.in>

Wed 2/1/2023 3:24 PM

all
Upload the
these attachments
on our website.
Registrar
1/2/2023

To: chairperson pa maharera <chairperson.pa.maharera@gmail.com>; chairman@gujarat.gov.in <chairman@gujarat.gov.in>; Chairman M P Real Estate Regulatory Authority <chairman.rera@mp.gov.in>; Secretary RERA MP <secretaryrera@mp.gov.in>; Anju Mail <pachairrera@punjab.gov.in>; hp rera2020 <hp.rera2020@gmail.com>; Mr Devesh Kumar <housingsecy-hp@nic.in>; chairmanrera23@gmail.com <chairmanrera23@gmail.com>; rera@kar.secy@gmail.com <rera@kar.secy@gmail.com>; P H Kurian <chairman.rera@kerala.gov.in>; CHAIRMAN.RERA <CHAIRMAN.RERA@RAJASTHAN.GOV.IN>; RERA@RAJASTHAN.GOV.IN <RERA@RAJASTHAN.GOV.IN>; chairperson tnrrera <chairperson.tnrrera@tn.gov.in>; contactuprera@up-rera.in <contactuprera@up-rera.in>; APRERA APRERA <helpdesk-rera@ap.gov.in>; uddepartmentma@gmail.com <uddepartmentma@gmail.com>; info@reraassam.org.in <info@reraassam.org.in>; rera@bihar@gmail.com <rera@bihar@gmail.com>; RERA BIHAR <rera@bihar.gov.in>; Office RERA <office.rera.cg@gov.in>; Chairman RERA <chairman.rera.cg@gov.in>; Goa Real Estate Regulatory Authority <goa-rera@gov.in>; K L Kapoor <hrerapl-hry@gov.in>; officer rera hry <officer.rera.hry@gmail.com>; hareragurugram@gmail.com <hareragurugram@gmail.com>; rera jharkhand <rera.jharkhand@gmail.com>; siddhantadas@gmail.com <siddhantadas@gmail.com>; reraodisha@gmail.com <reraodisha@gmail.com>; CS Telangana <cs@telangana.gov.in>; rera-maud@telangna.gov.in <rera-maud@telangna.gov.in>; KOMMU VIDYADHAR <secy-rera-maud@telangana.gov.in>; DT CP <dtcp@telangana.gov.in>; rera tripura <rera.tripura@gmail.com>; directorurbantripura@gmail.com <directorurbantripura@gmail.com>; ukrera2017@gmail.com <ukrera2017@gmail.com>; info@uhuda.org.in <info@uhuda.org.in>; ARUN KUMAR RAY <secy.hira-wb@gov.in>; Anand Kumar <chairman-rera@delhi.gov.in>; secretary rera <secretary_rera@dda.org.in>; Land & Building Deptt <rera.delhi@gov.in>; Mr Kesavan R, I.A.S <secytcp.pon@nic.in>; joymongjam@yahoo.com <joymongjam@yahoo.com>; udpamizoram@gmail.com <udpamizoram@gmail.com>; rera mizoram <rera.mizoram@gmail.com>; S Mahalingam <ctptcp.pon@nic.in>; uhudauk@gmail.com <uhudauk@gmail.com>; S Mahalingam <ctptcp@py.gov.in>; Mr Spl CS Maud Spl CS Maud <prlsecy_maud@telangana.gov.in>; info@chbonline.in <info@chbonline.in>; cm-chbchd@nic.in <cm-chbchd@nic.in>;

3 attachments (3 MB)

Letter to RERA Authorities_PMLA Guidelines_Real Estate Agent.pdf; Annexure-I.pdf; PMLA Guidelines_Real Estate Agent.pdf;

Madam/Sir,

Please see the attachment on the above cited subject.

Regards,

DG-Audit (Hqrs.)

New Delhi.

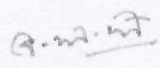
F. No GST/INV/CBIC as Regulator under PMLA/20-21
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
GST-Investigation Wing

Room No.01, 10th Floor,
Tower-2, 124, Jeevan Bharti Building,
Connaught Circus, New Delhi- 110001.
Dated the 22nd November, 2021

OFFICE MEMORANDUM

Subject: Notifying CBIC as "Regulator" under PMLA, 2002 - regarding.

Board in its meeting held on 07.10.2021 has decided that Principal DG / DG, Directorate of Audit shall work on behalf of CBIC as "Regulator" in compliance to Notification(s) viz., GSR 798(E), GSR 799(E) & GSR 800(E) all dated 28.12.2020 [Gazette ID CG-DL-E-28122020-223972] issued by Department of Revenue notifying therein CBIC as **"Regulator" with respect to the "dealers in precious metals and precious stones" and "real estate agents"** and related matters under Prevention of Money Laundering Act, 2002 read with Prevention of Money Laundering [Maintenance of Records] Rules, 2005.


(Vijay Mohan Jain)
Commissioner (GST-Inv.), CBIC
Tel. No.: 011-21400623
Email id: gstinv-cbic@gov.in

To

Principal D.G. / D.G., Directorate of Audit, CBIC, New Delhi.

Copy to:

1. All Members, CBIC, New Delhi.
2. Senior PPS to Chairman, CBIC, New Delhi.
3. Director [FATF], Department of Revenue, New Delhi.

F. No GST/INV/CBIC as Regulator under PMLA/20-21
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
GST-Investigation Wing

Room No.01, 10th Floor,
Tower-2, 124, Jeevan Bharti Building,
Connaught Circus, New Delhi- 110001.
Dated the 27th November, 2021

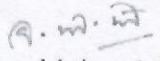
OFFICE MEMORANDUM

Subject: Notifying CBIC as "Regulator" under PMLA, 2002 - regarding.

Department of Revenue has issued three Notification(s) viz. GSR 798(E), GSR 799(E) & GSR 800(E) all dated 28.12.2020 [Gazette ID CG-DL-E-28122020-223972], notifying therein CBIC as **"Regulator"** with respect to the **"dealers in precious metals & precious stones"** and **"real estate agents"** under Prevention of Money Laundering Act, 2002 read with Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

2. Consequent to appointment of Principal DG / DG, Directorate of Audit to work on behalf of CBIC as "Regulator", a Committee of Officers [CoO], headed by the Principal D.G. / D.G. [Audit], CBIC has been constituted. Other members of the Committee will be Principal D.G. / D.G. [DGARM]; Principal D.G. / D.G. [GST] and Principal D.G. / D.G. [TPS] or their representative [not below the rank of Principal Additional Director General/ Additional Director General].

3. The CoO shall formulate a concept paper indicating time lines for operationalizing of work of 'Regulator' assigned to CBIC within a fortnight to Member [Investigation], CBIC, New Delhi. Subsequently, draft guidelines for the 'Reporting Entities' may be prepared by the Committee after organizing meeting with the stake holders.


(Vijay Mohan Jain)
Commissioner (GST-Inv.), CBIC
Tel. No.: 011-21400623
Email id: gstinv-cbic@gov.in

To

1. Principal D.G. / D.G. [Audit], CBIC.
2. Principal D.G. / D.G. [DGARM], CBIC.
3. Principal D.G. / D.G. [GST], CBIC.
4. Principal D.G. / D.G. [TPS], CBIC

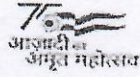
Copy to:

Senior PPS to Member [Investigation], CBIC, New Delhi.

/983101/2023



Government of India



लेखा परीक्षा महानिदेशालय
DIRECTORATE GENERAL OF AUDIT
INDIRECT TAXES & CUSTOMS
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ई-मेल / Email: dq.audit-ctec@nic.in

31-01-2023

To

The Chairperson ,

Real Estate Regulatory Authority,

All States & Union Territories.

Madam/Sir,

Subject: Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) obligations for Real Estate Agents under the Prevention of Money Laundering Act, 2002 and the Prevention of Money- Laundering (Maintenance of Records) Rules, 2005- reg.

As you are aware, DG Audit, as Regulator on behalf of CBIC, has issued Guidelines on AML/ CFT obligations for Real Estate Agents in the country under the provisions of Prevention of Money-Laundering Act, 2002, which have already been circulated. However, a copy of the same is enclosed for reference.

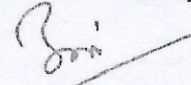
2 . It is requested that these guidelines may be uploaded in your website for information and viewing by the Real Estate Agent, buyers and sellers of property.

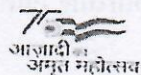
3. It may be noted that these guidelines cast certain obligations upon the real estate agents, defined as DNFBPs within its scope. It is requested that during any inquiry or investigations being carried out by the RERA authority with the real estate agents under Section 35 or any other provisions of the RERA, 2016, the compliance of the AML/ CFT requirements as laid down in the guidelines may be ensured. In case any non-compliance is observed, a report in this regard may be sent to the undersigned, immediately.

This issues with the approval of the Pr. Director General of Audit.

Encls: as above

Yours faithfully,


(Dr. Amandeep Singh)
Additional Director General



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AML & CFT GUIDELINES FOR REAL ESTATE AGENTS, 2022

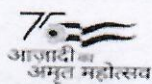
Subject: Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) - Obligations for Real Estate Agents under the Prevention of Money Laundering Act, 2002 and Rules made thereunder

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1. The Prevention of Money Laundering Act, 2002 ("PMLA") was brought into force with effect from 1st July 2005. Necessary Notifications/Rules under the said Act were published in the Gazette of India on July 01, 2005 by the Department of Revenue, Ministry of Finance, Government of India.
2. As per the provisions of the PMLA, all Designated Non-Financial Businesses and Professions (DNFBPs), which includes the Real Estate Agents (REAs), shall have to adhere to client account opening procedures and maintain records of such transactions as prescribed by the PMLA and rules notified thereunder.
3. The DNFBPs shall also be required to report the specified transactions, including the suspicious transactions with a view to provide deterrence to the money-laundering and financing of terrorism.
4. In view of the Risk Based Approach (RBA) adopted by the Financial Action Task Force (FATF) for real estate agents and the recommendations made by it, these guidelines in the context of existing anti-money laundering law in the country, viz, the PMLA and the rules made thereunder have been issued for the REAs, who are referred to as the Reporting Entities for the purposes of these guidelines. The guidelines provide an overview on the background and essential principles that concern combating Money Laundering (ML) and



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Guidelines for Reporting Entities (Real Estate Agents) under the Prevention of Money Laundering Act, 2002

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12. Definitions

- 1.4 These guidelines also set out the steps that a Real Estate Agent shall implement to discourage and to identify any money laundering or terrorist financing activities. These guidelines prescribe procedures and obligations to be followed by the reporting entities to ensure compliance with Anti Money Laundering / Countering the Financing of Terrorism (AML/CFT) guidelines.
- 1.5 The strategies to manage and mitigate the identified money laundering and terrorist financing activities are typically aimed at preventing the activity from occurring through a mixture of deterrence [*e.g.*, appropriate Client Due Diligence (“**CDD**”) measures], detection (*e.g.*, monitoring and suspicious transaction reporting), and record-keeping so as to facilitate investigations by the appropriate authorities, wherever required, which are discussed at length here under.

2. Purpose of the guidelines:

- 2.1 The purpose of these guidelines is to explain the risk-based approach, outline the core principles involved in applying the same, and indicate best practices in the design and implementation of an effective risk-based approach.
- 2.2 The purpose of these guidelines is also to establish a reporting mechanism with the real estate agents that will help in combating money laundering and terrorist financing.

3. Real Estate Agents

For purposes of these guidelines, the term "real estate agents" has the same meaning as defined in Clause (zm) of Section 2 of The Real Estate (Regulation and Development) Act, 2016 (**'RERA'**). "Real estate agent" means 'any person, who negotiates or acts on behalf of one person in a transaction of transfer of his plot, apartment or building, as the case may be, in a real estate project, by way of sale, with another person or transfer of plot, apartment or building, as the case may be, of any other person to him and receives remuneration or fees or any other charges for his services whether as a commission or otherwise and includes a person who introduces, through any medium, prospective buyers and sellers to each other for negotiation for sale or purchase of plot, apartment

guidelines to detect transactions as specified under Rule 3(1) and furnishing information about such transactions to Financial Intelligence Unit (FIU-IND). The obligation of reporting entities to effectively serve to prevent and impede money laundering and terrorist financing and to observe such internal controls not only by them but also by their designated Director, officers and employees is a legal requirement under Rule 7(4) of the PMLR. It is without ambiguity that the success of internal policies and procedures will be dependent largely on how effectively these are outlined and implemented.

5.2 To comply with these obligations, every reporting entity shall establish appropriate policies and procedures for the prevention of ML and TF and ensure their effectiveness and compliance with all relevant legal and regulatory requirements. The reporting entities shall:

- (i) issue a statement of policies and procedures for dealing with ML and TF reflecting the current statutory and regulatory requirements;
- (ii) ensure that spirit of these guidelines and internal policies and procedures are understood by all staff members;
- (iii) regularly review the policies and procedures on the prevention of ML and TF to ensure their effectiveness. To ensure the effectiveness of policies and procedures, the person doing such a review shall, as far as possible, be different from the one who has framed them;
- (iv) adopt client acceptance policies and procedures and undertake Client Due Diligence (CDD) measures to the extent that is sensitive to the risk of ML and TF depending on the type of client, business relationship or transaction;
- (v) have a system in place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- (vi) develop mechanism/s through training/ workshops, etc to make their staff aware and vigilant to guard against ML and TF.

revisited in the context of the Recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT). The reporting entities are advised to ensure that an appropriate policy framework on 'Know Your Client' and Anti Money-Laundering measures is formulated and put in place. Principally, these CDD measures are required to be followed when the Reporting Entities engage in any cash transaction with a client equal to or **exceeding rupees fifty thousand**, as prescribed under Rule 9(1)(b)(i) of the PMLR.

- 5.6 **Suspicious Transaction Reporting:** In line with FATF Recommendation 20, Rule 8(2) read with Rule 3(1)(D) of the PMLR provides for prompt reporting of a suspicious transaction, which includes an attempted suspicious transaction, to the FIU-IND, if a reporting entity suspects or has reasonable grounds to suspect that funds used by a client are the proceeds of a criminal activity, or are related to terrorist financing. A suspicious transaction shall be reported within **seven** working days of its occurrence.

- (d) Client acceptance policy and client due diligence measures, including requirements for proper identification, such as:
 - (i) Maintenance of records;
 - (ii) Compliance with relevant statutory and regulatory requirements;
 - (iii) Cooperation with the relevant law enforcement authorities, including the timely disclosure of information; and
 - (iv) Role of internal audit or compliance function to ensure compliance with the policies, procedures and controls relating to the prevention of ML and TF, including detection of suspected money laundering transactions.

6.2 Client Due Diligence (CDD) Measures and Know Your Client (KYC) norms:

6.2.1. In consonance with the basic principles of the KYC norms as prescribed in the PMLA or the rules made there under, all reporting entities shall frame their own internal directives based on their experience in dealing with their clients and legal requirements as per the established practices.

6.2.2. In accordance with Rule 9 of the PMLR, each reporting entity shall adopt written procedures to implement the anti-money laundering provisions as envisaged under the PMLA, related to the '**Client Due Diligence Process**'. The requirement is stated hereunder:

1. Every reporting entity shall-
 - (a) at the time of commencement of an account-based relationship-
 - (i) identify its clients, verify their identity, obtain information on the purpose and intended nature of the business relationship; and
 - (ii) determine whether a client is acting on behalf of a beneficial owner, and identify, the beneficial owner and take all steps to verify the identity of the beneficial owner:

6.4. **Enhanced Due Diligence:**

6.4.1. In tune with the FATF Recommendation 10, Section 12AA of the PMIA prescribes for the reporting entities to perform enhanced due diligence for higher-risk clients, business relationships and transactions.

6.4.2. Reporting entities should examine, as far as reasonably possible, the background and purpose of all complex, unusually large transactions, and all unusual patterns of transactions, which have no apparent economic or lawful purpose. Where the risks of money laundering or terrorist financing are higher, reporting entities should be required to conduct enhanced due diligence measures, consistent with the risks identified. In particular, they should increase the degree and nature of monitoring of the business relationship, in order to determine whether those transactions or activities appear unusual or suspicious.

6.4.3 Conducting enhanced due diligence should not be limited to merely documenting income proofs. They should be more rigorous and robust measures than normal KYC. These measures should be commensurate with the risk. While it is not intended to be exhaustive, the following are some of the reasonable measures in carrying out enhanced due diligence:

- (i) More frequent review of the clients' profile/transactions,
- (ii) Application of additional measures like gathering information from publicly available sources or otherwise,
- (iii) Review of the clients' information at senior level of the reporting entity,
- (iv) Reasonable measures to know the client's source of funds commensurate with the assessed risk of client and product profile which may include:
 - (a) conducting independent enquiries on the details collected on / provided by the client where required,
 - (b) consulting a credible database, public or other, etc.

employees whose salary structures are well defined, people belonging to lower economic strata of the society, government departments and government owned companies, regulators and statutory bodies may fall under the low-risk category. In such cases, the basic requirements of verifying the identity and location of the client need to be ensured and a simplified client due diligence process should be followed. However, in case a client's profile is found to be inconsistent with his transactions, an enhanced due diligence may be resorted to.

- e) A risk assessment of clients who are non-residents, high net worth individuals, trusts, charities, NGOs and organisations receiving donations, companies having close family shareholding or beneficial ownership, firms with sleeping partners etc will determine their Money Laundering/ Terrorist Financing risk.
- f) Individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, are higher risk clients and reporting entities should conduct enhanced due diligence of such individuals and their close relatives. All reporting entities shall put in place appropriate risk management systems to obtain relevant information about such clients, such as referring to publicly available information. Approval at senior management level must be required for establishing business relationships with such clients. Reporting entities shall also take reasonable measures to verify the sources of funds as well as the wealth of such clients.
- g) The clients with dubious reputation as per available public information are considered as high risk, requiring EDD.
- h) In cases where the appropriate CDD measures to identify the profile of a client cannot be applied or it is not possible to ascertain the identity of the client, or the information provided

locations with instructions for payment in cash;

6.7.3 Any suspicious transaction shall be immediately notified to the Principal Officer or the Designated Director within the reporting entity. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/ suspicion.

6.7.4 It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. It is clarified that reporting entities shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

7. Liability for failure to fulfil obligations:

As prescribed under Section 13 of the PMLA, any reporting entity may be required to get its records audited by a Chartered Accountant appointed by the Central Govt. and also impose a monetary penalty on the reporting entity, its director or the employees for failure to fulfil the obligations cast upon them by the PMLA or rules made there under. A delay in not reporting a transaction as prescribed under these rules shall also constitute violation of the PMLA and the rules made thereunder.

8. List of documents required for KYC:

As required under rule 9 of PMLR, the following is an illustrative list of documents, which may be obtained from the clients for ascertaining their identity under KYC requirement:

Accounts of trusts & foundations <ul style="list-style-type: none"> - Names of trustees, settlers, beneficiaries and signatories - Names and addresses of the founder, the managers /directors and the beneficiaries - Telephone/fax numbers 	<ul style="list-style-type: none"> (i) Certificate of registration, if registered (ii) Power of Attorney granted to transact business on its behalf (iii) Any officially valid document to identify the trustees, settlors, beneficiaries and those holding Power of Attorney, founders/managers/ directors and their addresses (iv) Resolution of the managing body of the foundation/association (v) Telephone bill
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9. Maintenance of records of transactions/ Information to be recorded/Preservation of records/ Cash and Suspicious transactions reporting to FIU-IND:

9.1. Section 12 of the PMLA casts the obligation upon every reporting entity to maintain records of all transactions in such a manner that all individual transactions are reconstructed and furnishing of information related to transactions to Director FIU-IND. It also provides for preservation of information and records for a period of five years. The procedure for maintenance of records of transactions, information required to be recorded, procedure and manner of maintaining information and procedure and manner of furnishing information is prescribed under Rule 3, 4, 5, 7 and 8 of the PMLR. All reporting entities are required to ensure compliance of the aforesaid provisions. These provisions are detailed in succeeding paragraphs.

9.2. **Maintenance of records of transactions (nature and value):** All reporting entities need to put in place a system of maintaining records of transactions, as prescribed under Rule 3, as below:

- (i) All cash transactions of the value of more than Rs. 10 lakh or its equivalent in foreign currency.
- (ii) All series of cash transactions integrally connected to each other which have been individually valued below Rs. 10 lakh or its equivalent in foreign currency where such series of

confirmed that the case has been closed.

9.5. Reporting to Financial Intelligence Unit-India:

In terms of the PMLR, reporting entities are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

Director, FIU-IND,

Financial Intelligence Unit-India, 6th Floor, Hotel Samrat, Chanakyapuri,
New Delhi-110021.

Website: <http://fiuindia.gov.in>

9.6 Format for reporting Transactions:

The format for reporting transactions, including suspicious transactions made or attempted, as required under Rule 7(2) of PMLR, would be as prescribed by the FIU.

9.7 Prohibition on tipping off:

Reporting entities and their directors, officers and employees (permanent and temporary) shall be prohibited from disclosing ("tipping off") that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level. It is clarified that the reporting entities, irrespective of the amount of transaction and/or the threshold limit envisaged for reporting under PMLA, 2002, shall file STR if they have reasonable grounds to believe that the transactions involve proceeds of crime.

10. Implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA):

- 10.1. The Ministry of Home Affairs (MHA) Order dated 2nd February, 2021 issued under F. No. 14014/01/2019/CFT under Section 51A of the UAPA

suitable and competent to perform their duties.

11.2 **Employees' Training:**

Reporting entities must have an ongoing employee training programme so that their staff is adequately trained in AML and CFT procedures. Training requirements shall have specific focuses for frontline staff, back-office staff, compliance staff, risk management staff and staff dealing with new clients. It is crucial that all those concerned fully understand the rationale behind these guidelines, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

These guidelines have been issued under the provisions of the Prevention of Money-Laundering Act, 2002 and the rule made thereunder, more specifically, the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. For any clarifications on these guidelines or removal of doubts, the provisions of the said act and rules may be referred.

- IV. where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;
 - V. where the client is a trust, the identification of beneficial owner(s) shall include 'identification of the author of the trust, the trustee, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership; and
 - VI. where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.
- b) **Central KYC Records Registry** means a reporting entity, substantially owned and controlled by the Central Government, and authorised by that Government through a notification in the Official Gazette to receive, store, safeguard and retrieve the KYC records in digital form of a client as referred to in clause (ha) of Section 2 of the PMIA in such manner and to perform such other functions as may be required under PMLR.
- c) **Client** means a person who is engaged in a financial transaction or activity with a reporting entity and includes a person on whose behalf the person who engaged in the transaction or activity, is acting.
- For the purpose of these Guidelines, a client includes a customer engaged or attempting to engage into a transaction with the Reporting Entity.
- d) **Designated Director** means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the PMIA and the PMLR and includes –
- a) The Managing Director or a Whole-Time Director duly authorised by the Board of Directors if the reporting entity is a company;
 - b) The managing partner, if the reporting entity is a partnership firm;
 - c) The proprietor, if the reporting entity is a proprietorship firm;

- h) **Regulator** means the Directorate General of Audit (DGA), Central Board of Indirect Taxes and Customs (CBIC)
- i) **Suspicious transaction** is defined as a transaction, including an attempted transaction, **whether or not made in cash**, which, to a person acting in good faith-
- (i) gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the PMLA, 2002, regardless of the value involved; or
 - (ii) appears to be made in circumstances of unusual or unjustified complexity; or
 - (iii) appears to have no economic rationale or bona fide purpose; or
 - (iv) gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Explanation- Transaction involving financing of the activities relating to terrorism includes transaction involving funds suspected to be linked or related to, or to be used for terrorism, terrorist acts or by a terrorist, terrorist organisation or those who finance or are attempting to finance terrorism.