

Prevention of Money Laundering (Maintenance of Records) Rules, 2005
Amendments vide Notification dated 1st June 2017
Salient Highlights

The Prevention of Money Laundering (Maintenance of Records) Rules 2005 have been amended vide Gazette Notification dated 1st June 2017. Consequential, modifications in RBI KYC Directions are yet to be issued. This memo captures the highlights of the amendments made. Only those aspects that have been changed are enumerated below. Other provisions continue to be as already stated in these Rules.

Changes Made:

(1) ‘Officially Valid Document’ (OVD) definition amended – the Permanent Account Number (PAN) Card; and the letter issued by the Unique Identification Authority of India have been removed from this definition.

(2) Now OVD definition includes - the passport, the driving licence, the Voter's Identity Card issued by Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government, the letter issued by the National Population Register containing details of name, address or any other document as notified by the Central Government in consultation with the Regulator;

(3) KYC Document Requirement for an Individual changed –

(a) An individual eligible for Aadhaar number is required to submit (i) the Aadhaar number (AN); (ii) the Permanent Account Number (PAN) or Form No. 60.

(b) An individual (eligible for AN), who does not have AN, is required to submit (i) proof of application of enrolment for Aadhaar (in lieu of AN) and (ii) PAN (and not Form 60).

(c) An individual (eligible for AN), who does not have both AN and PAN, is required to submit (i) proof of application of enrolment for Aadhaar (in lieu of AN), (ii) one certified copy of an OVD, and (iii) Form 60.

(d) An individual not eligible for AN is required to submit PAN.

(e) An individual, who is not eligible for AN and does not have PAN, is required to submit (i) one certified copy of an OVD, (ii) Form 60, and (iii) one recent photograph .

(f) An individual is also required to submit such other documents (including in respect of the nature of business and financial status of the client) as may be required by the reporting entity (bank, etc.) (also in earlier rules).

(g) In case of ‘small accounts’ on suspicion of money laundering/ terrorism financing/ other high risk scenarios to establish identity of the individual customer through (i) an OVD, and (ii) AN, and where AN has not been obtained proof of application for AN.

(h) In case of ‘small accounts’ on completion of initial 12 month period or additional 12 month period (as the case may be) to obtain an OVD. (as per earlier rules)

(4) KYC Requirement for juridicial entities – These have been modified in respect of KYC documents pertaining to individuals connected with these entities. Instead of an OVD (as per earlier rules) the requirements for the concerned persons are as indicated below.

S. No.	Type of Entity	To obtain in respect of	KYC Requirement
1	Company	managers, officers or employees holding an attorney to transact on the company's behalf	(a) (i) AN, and (ii) PAN/ Form 60. (b) If does not have AN, (i) proof of application of enrolment for Aadhaar (in lieu of AN) and (ii) PAN (and not Form 60)
2	Partnership Firm	person holding an attorney to transact on its behalf	(c) If does not have both AN and PAN, (i) proof of application of enrolment for Aadhaar (in lieu of AN), (ii) one certified copy of an OVD, and (ii) Form 60.
3	Trust		(d) If not eligible for AN and does not have PAN, is required to submit (i) one certified copy of an OVD, and (ii) Form 60.
4	Unincorporated association or Body of individuals		

(5) On receiving AN to carry out authentication using either e-KYC or Yes/No authentication facility provided by Unique Identification Authority of India (UIDAI).

(6) NRIs and residents in the States of Jammu and Kashmir, Assam or Maghalaya who do not submit PAN to submit (i) one certified copy of an OVD, and (ii) photograph and (iii) such other document including in respect of the nature of business and financial status as may be required by the reporting entity.

(7) If a person eligible for AN and PAN does not submit these at the time of commencement of an account based relationship, should submit the same within a period of six months from the date of the commencement of the account based relationship. If AN and PAN are not submitted within 6 months, the said account shall cease to be operational till submitted.

(8) For existing clients, eligible for AN and PAN should submit these by 31st December, 2017. If AN and PAN are not submitted by 31st December, 2017, the said account shall cease to be operational till submitted.

(9) In case the identity information relating to AN and PAN does not have current address of the client, the client shall submit an OVD to the reporting entity.