

## PMLA Notification dated 19.7.2024- Changes, Implications and Action Points

### Change Notification

[Ministry of Finance, Department of Revenue Notification No. G.S.R. 419 \(E\) dated 19.7.2024](#) has brought certain changes effective 19.7.2024 to CDD<sup>1</sup> under Rule 9 of the PMLA Record Rules<sup>2</sup>.

### Apparent Purpose for the Change

1. To push CKYCR<sup>3</sup> by making it compulsory for the Reporting Entities (REs)<sup>4</sup> to use the Client's KYC Identifier (KI)<sup>5</sup>, wherever available, for obtaining the Clients' KYC Records<sup>6</sup> from the CKYCRR<sup>7</sup>.
2. To ensure that every time any RE does CDD of a Client, the Client's KYC Records with CKYCRR gets updated within 7 days.
3. To ensure that the KYC Records with all the REs (with whom the Client deals with) gets updated every time any RE does CDD on the Client.

### Changes

#### **While doing CDD on a Client-**

<b>Rule</b>	<b>Changed Position</b>	<b>Earlier Position</b>	<b>Implication/ Action Point</b>
9 (1-C)	(i) RE now must seek the KI from the Client or retrieve the KI from CKYCRR, where available, for obtaining KYC Records.	RE had to use KI if submitted by the Client.	Use of KI for obtaining KYC Record becomes the 1 <sup>st</sup> option for CDD at the time of onboarding and for on-going CDD of a Client.
	(ii) RE to seek from the Client additional/ updated documents/ information, in addition to the situations specified earlier (stated in the next column), where:  (a) KYC Records retrieved from CKYCRR are incomplete or do not meet with the current requirements.  (b) Any document downloaded from CKYCRR has lapsed.	RE was to seek such documents/ information, if: (a) Any change in Client information. (b) Client's current address needed verification. (c) RE was required to verify identity/ address, do Enhanced Due Diligence (EDD), or to build proper risk profile of the Client.	- Now RE should verify KYC Records downloaded from CKYCRR, to ascertain, whether:  (a) There is any change in Client information, including verification of current address.  (b) The KYC Records meet the current norms.  (c) The KYC documents are current.  (d) RE considers need for EDD or updating risk profile of the Client.  - Based on the verification, RE to seek such documents/ information to meet the above requirements.

<sup>1</sup> CDD: means Client Due Diligence.

(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.) [Refer: Section 2(1) (ha) of the Prevention of Money-Laundering Act, 2002]

<sup>2</sup> Prevention of Money-laundering (Maintenance of Records) Rules, 2005

<sup>3</sup> CKYCR: means the Client's KYC Records with the Central KYC Records Registry.

<sup>4</sup> Reporting Entity (RE): means a banking company, financial institution, intermediary or a person carrying on a designated business or profession [Refer: Section 2(1) (fa) of the Prevention of Money-Laundering Act, 2002].

<sup>5</sup> KYC Identifier (KI): means the unique number or code assigned to a client by the Central KYC Records Registry (CKYCR) [Refer: Rule 2(cc) of Money-laundering (Maintenance of Records) Rules, 2005]

<sup>6</sup> KYC Records: means documents and information of the Client obtained for the purpose of CDD.

<sup>7</sup> CKYCRR: means Central KYC Records Registry, managed by CERSAI.

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<b>Rule</b>	<b>Changed Position</b>	<b>Earlier Position</b>	<b>Implication/ Action Point</b>
9 (1-D)	On obtaining additional/ updated information/ documents from Client, RE to update the CKYCRR within 7 days.	Merely stipulated to do so "as soon as possible."	-This will ensure timebound updating of CKYCRR Records.  Note: The timeline for uploading KYC Records while onboarding a Client continues to be 10 days under Rule 9(1-A).
9 (1-H)	When intimation about updating of KYC Records of a Client is received from CKYCRR, RE must update its own KYC Records of such Client by downloading updated KYC Records from CKYCRR.	This requirement is now stated specifically by way of a new rule.	-KYC records of Clients with all REs will be in sync with KYC Records with CKYCRR.  -Also, all REs will have uniform KYC Records for a Client.
9-A (2) (g)	Regulator to issue guidelines to REs for filing, retrieval, and utilisation of the KYC Records with CKYCRR.	Words: "retrieval and utilisation" were not stated earlier. The same are now added	-RBI may issue guidelines for the REs regulated by it.  -RBI guidelines on 'Secrecy Obligations and Sharing of Information' as in KYC Master Directions apply in this case.

End