

# **CANARA BANK SECURITIES LIMITED**

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## ***ANTI MONEY LAUNDERING AND COMBATING FINANCING OF TERRORISM***

## **WHAT IS MONEY LAUNDERING?**

Huge amounts of funds are being generated every year from illegal activities, which are mostly in the form of cash.

Money laundering is the process or activity through which such proceeds of crime are brought into the legitimate financial system.

## **WHAT ARE THE CONSEQUENCES?**

Money Laundering provides the terrorists funds to carry out their activities. The Rule of Law applicable to all is being undermined. The Money launderers put the money into unproductive assets to avoid detection. Money Laundering diminishes government tax revenue and weakens government control over the economy.

## **HOW TO ADDRESS MONEY LAUNDERING?**

The Indian Parliament passed the Prevention of Money Laundering Act (PMLA) in 2002 and the provisions of the Act are effective from July 1, 2005. The PMLA addresses a range of issues including the definition of and punishment for the offence of Money Laundering. SEBI has issued standards for Anti-Money Laundering / Combating Financing of

Terrorism / Obligations of Securities Market intermediaries under PMLA and the rules thereunder.

## **HOW MONEY LAUNDERING IS ACCOMPLISHED?**

The process of ML, regardless of its degree of complexity, is accomplished in three stages viz.

### PLACEMENT STAGE:

This involves physical movement of cash proceeds in large volumes. This is most vulnerable to detection.

### LAYERING STAGE:

This refers to separation of illicit proceeds from their source by creating complex layers of financial transactions. Layering disguises or eliminates the audit trail.

### INTEGRATION:

In this process, the illicit funds are integrated into the economy by the Money Launderers by providing what appears to be a legitimate

## **WHAT ARE THE MEASURES UNDER AML?**

The following are the key elements of the measures under AML:

Risk classification – As Low and High Risk customers

Customer Acceptance Policy and identification procedures

On-going monitoring processes

Reporting

## **WHAT ARE THE OBLIGATIONS OF THE CUSTOMERS?**

Provide complete details at the time of account opening viz.

Address Proof

Identity Proof, PAN etc.

Income Details

Periodically update the financial details

The transaction executed need to commensurate with the disclosed income details

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A route to making money online

# THANK YOU

For any queries please contact:  
customer@canmoney.in

Ref. Websites:

<http://fiuindia.gov.in>

[www.sebi.gov.in](http://www.sebi.gov.in)

[www.nseindia.com](http://www.nseindia.com)

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