

Standing Committee Report Summary

The Prevention of Money Laundering (Amendment) Bill, 2008

- The Standing Committee on Finance submitted its 80th Report on 'The Prevention of Money Laundering (Amendment) Bill, 2008' on December 19, 2008. The Chairperson was Shri Ananth Kumar.
- The Committee believes that enacting the Bill is an essential step to strengthen the country's legal framework for preventing money laundering and counter financing of terrorism.
- Apart from plugging other avenues generating illegal funds such as hawala, etc., international guidelines should be taken into account for effective enforcement of anti-money laundering law.
- In order to comprehensively cover money transfer service providers, full fledged money changers and international payment gateways, the definitions of "authorised person" and "payment system operator" need to be aligned with the definitions of the Payment and Settlement System Act, 2007.
- The government should consider expanding the ambit of the law to cover Financial Action Task Force (FATF) recommended Designated Non Financial Businesses such as gold or gem dealers, lawyers, real estate agents, etc.
- Since it is difficult to track the transfer of funds and financing of terrorist activity in the absence of bilateral agreements with other countries, the Committee recommends that MoUs for mutual co-operation should be concluded with other countries.
- Enforcement agencies should strengthen their machinery to keep abreast of the emerging trends of money laundering and terror funding. This includes having appropriate software especially with regard to suspicious transactions, strong reporting instruments to monitor transactions, quarterly audit to verify Know Your Customer information, etc.
- Inclusion of "prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control" may deprive investors of refund of shares. The Bill may have a specific provision to make the proceeds from such offence not liable to confiscation and to enable refund of such proceeds.
- An appropriate threshold may be fixed with regard to possession of counterfeit currency to protect genuine bank dealings.
- Adequate safeguards should be put in place to ensure that the enforcement authorities use their power of search and seizure in a judicious manner so that it does not result in any undue harassment of individuals.
- Only a sitting or retired judge of the Supreme Court or High Court should be eligible for appointment as Chairperson of the Appellate Tribunal. Other than Chartered Accountants, similar professionals such as Company Secretaries should be eligible to become members of the Tribunal.
- The government must take necessary steps to become full-fledged member of FATF to enable sharing of information and multi-lateral intelligence.

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