



FINANCIAL INTELLIGENCE UNIT-INDIA ANNUAL REPORT FY 2022-23



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DIRECTOR'S MESSAGE



I am extremely pleased to present the 17th Annual Report of FIU-India for the Financial year 2022-23.

FY 2022-23 has been noteworthy for FIU-India as it is at the cusp of transitioning to a higher trajectory. It has always been our endeavour to enhance the efficiency of the organization, meet new challenges and focus our energies on strengthening the AML/CFT framework in the country. In this direction, a number of initiatives were taken which would bring about a paradigm shift in enhancing the quality of reporting and generating actionable intelligence for use by our partner agencies.

During the year, FIU-India began the transition to FINnet 2.0 which is a state-of-the-art IT system designed to meet ever-increasing need for sophistication in its analytical and data processing capacity. FINnet 2.0 leverages emerging technologies for superior analytical competencies, data quality improvement, incisive compliance monitoring and cutting-edge security tools

for strengthening AML/CFT capabilities of “FIU-India” and its reporting universe.

Year on year there has been an increasing trend of references for seeking information from FIU-India, both at pre-investigation stage as well as during ongoing investigation, by various Law Enforcement Agencies and Intelligence Agencies. FIU India also assists domestic agencies in getting information from foreign jurisdictions.

The channel of priority intimation, which was established in FIU-India to prioritise dissemination of important and urgent intelligence, has stabilized and matured to contribute tactical and strategic intelligence aligned to the needs of law enforcement agencies.

Further, FPAC (FIU-India Initiative for Partnership in AML/CFT), a first-of-its-kind public-private initiative in AML/CFT domain, was expanded in the year to include reporting entities from diverse sectors, such as payment intermediaries, payment banks, NPCI etc. FPAC charter was adopted in January 2023, to lend the initiative a formal structure.

FIU-India is considered a valuable partner by counterpart FIUs that are part of the Egmont Group. FIU-India proactively shares intelligence with its counterpart FIUs. To ensure enhanced cooperation FIU-India has entered into two new MoUs with FIUs of Turkmenistan and Lesotho.

FIU-India was elected as the Chair of

Membership, Support and Compliance Working Group of the Egmont Group of Financial Intelligence Units for the second consecutive term. This highlights the trust placed by member FIUs in the Indian leadership. The Egmont Group has recognized the contribution of FIU-India for the furtherance of its objectives by awarding a certificate of appreciation.

FIU-India strives continuously to stay ahead of the curve by carrying out tactical, operational and strategic analysis of its financial database, which helps in identifying trends and money laundering typologies. Several search and seizure operations by domestic agencies were based on the operational analysis reports disseminated by FIU-India. The strategic analysis reports published by FIU-India gave novel perspective relevant for bringing in fresh policy measures to strengthen the AML/CFT framework.

FIU-India proactively engages with the financial sector regulators and reporting entities to understand emerging risks and take immediate mitigating measures. In this direction, FIU-India in consultation with the Regulator and stakeholders revised the alert indicators for the capital market intermediaries which is expected to bring about a qualitative improvement in the reporting by stock brokers and depository participants. Similarly, the alert indicators for the insurance sector were revised with a special focus on frauds in the sector.

With a focus to increase the reporting universe, FIU-India brought credit rating agencies, debenture trustees and payment intermediaries under its ambit.

To enforce adherence to the AML/CFT obligations under law, compliance action was undertaken against the errant reporting entities. Apart from levying monetary penalties, these reporting entities have been directed to take remedial actions to address the systemic deficiencies in their AML/CFT mechanism.

The intelligence shared by FIU-India has significantly contributed to the effectiveness of our domestic agencies by way of identification of new cases, conducting searches, expediting investigation, assets recovery and making arrests. Increasing cooperation between FIU-India and domestic agencies as well as with counterpart FIUs demonstrate the relevance, utility and salience of information being shared by FIU-India.

We stay committed to the fight against money laundering, terror and proliferation financing.

Jai Hind!

**Vivek Aggarwal,
Director, FIU-India**

HIGHLIGHTS FY 2022-23



Transaction Reports

6,45,905	STRs filed
1,49,92,815	CTRs filed
1,36,68,380	CBWTRs filed
8,38,258	NTRs filed
1,92,940	CCRs filed



Intelligence Sharing

Number of STRs disseminated

80546

Number of priority STRs disseminated

2682

Number of disseminations of Operational Analysis reports

202

Requests for Information received from LEAs/IAs

4905

Number of STRs found useful by LEAs as per feedback received from them during their investigation/enquiry

2595

Responses to Requests for Information found useful by LEAs

3795



Capacity Building

- A total of 30 trainings, 25 workshops and 11 conferences were attended by FIU-India officers.
- Samvaad Shrinkhala (a talk by AML/CFT experts) was institutionalized during FY 2022-23. It is an endeavor aimed at enabling sharing of perspectives and experiences by speakers from LEAs, Regulators, Financial Institutions, AML/CFT professionals, Global and Regional Bodies with FIU-India officers. FATF President and Egmont Chairperson have been prominent speakers among others.



Outreach and Engagement

- FIU-India conducted 115 training sessions on AML/CFT awareness to various LEAs and REs in collaboration with regulators, market infrastructure institutions, industry associations, professional bodies, and reporting entities.
- FIU-India held 27 review meetings with the Principal Officers and Designated Directors of reporting entities.

HIGHLIGHTS



Strategic Intelligence

Completed several studies including trend analysis on STR, CTR, CBWTR, CCR and MCA data.

Developed utility tools for open-source information gathering, fund flow analysis, IP Address geo-location, STR topic modelling.

Published research papers on communication strategy, VDA and Digital Payment.

Reporting compliance study of FFMC, NBFC, Cooperative and Regional Rural Banks and Payment Intermediaries conducted.



International Cooperation

Number of requests for information sent to Foreign FIUs: 337

Number of requests for information received from Foreign FIUs: 130

Number of spontaneous disclosures from Foreign FIUs: 182

MoUs with the FIUs of Turkmenistan and Lesotho were signed.

Shri Manoj Kaushik, Additional Director, FIU-India, served as the Chair of Membership, Support, and Compliance Working Group (MSCWG) of the Egmont Group of FIUs.

Shri Chaitanya Shukla, Additional Director, FIU-India, served as the Vice-Chair of the Information Exchange Working Group (IEWG) of the Egmont Group of FIUs.



Compliance Matters

- Guidance documents on correct reporting of CTR, NTR issued
- Number of typology-based guidance notes issued: 4
- Number of guidelines on red-flag/alert indicators issued: 5
- Number of compliance orders issued: 33
- Aggregate amount of monetary penalty imposed: Rs. 23.8 million



Financial Intelligence Network (FINnet) Infrastructure

- FIU-India upgraded its Financial Intelligence Network FINnet 1.0 to FINnet 2.0 employing advanced features such as Artificial Intelligence and Machine Learning, Natural Language Processing (NLP), APIs to connect to external systems, and host of other features to enhance the utility to all stakeholders.
- FINnet 2.0 is designed to facilitate validation and enrichment of data filed by reporting entities with the help of external data sources.
- FINnet 2.0 enables generation of risk scores for individuals, businesses, reports, networks and cases to be able to flag high risk cases, entities or reports for immediate action.
- FINnet 2.0 prioritizes and identifies cases from other reports (apart from STR) by use of risk analytics.
- A Unified Communication Cell (UCC) providing enhanced support to FINnet 2.0 system users has also been established.





FINANCIAL INTELLIGENCE UNIT – INDIA: AN OVERVIEW

India joined the global war on money laundering and terrorism financing by enacting the Prevention of Money Laundering Act, 2002 (PMLA) in 2003. The Act came into force from 1st July, 2005.

FIU-India was set up as an independent specialized agency in 2004, to play a decisive role in India's fight against the menace of money laundering and terrorism financing.

Headed by a senior civil servant of the rank of Additional Secretary to the Government of India, FIU-India is primarily entrusted with the responsibility to generate actionable financial intelligence and all other relevant information from banking companies, financial institutions, capital market intermediaries and designated non-financial business and professions (DNFBPs). It supports India's law enforcement, police, intelligence, national security agencies and financial sector regulators, in initiating and conducting investigations.

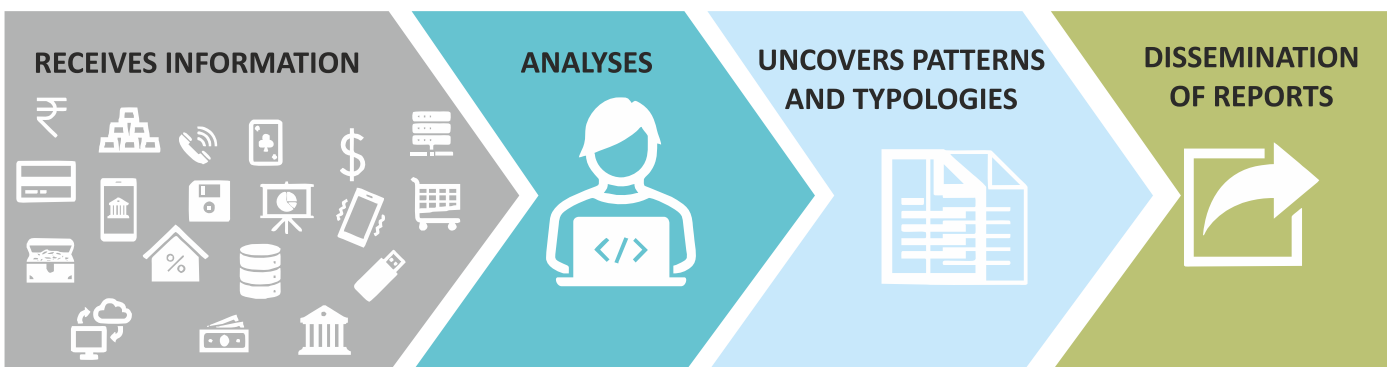
Besides being the central repository of information relating to suspicious financial transactions and cash transactions, it analyzes received information to uncover patterns of transactions suggesting suspicion of money laundering, terrorist financing, underlying predicate offences and

other economic offences.

FIU-India also monitors and identifies strategic key areas on money laundering/terror and proliferation-financing trends, typologies, and developments.

In 2007, FIU-India became a member of the Egmont Group which has been a major milestone in India joining the international community in its war against money laundering and in combating the financing of terrorism. As an Egmont member, it exchanges information with counterpart Financial Intelligence Units spread across 170 jurisdictions.

FIU-India has a reporting entity base of over 20,000 entities spread across the financial landscape of the country. It works closely with the reporting entities to ensure that there are resilient and efficacious AML/CFT processes and systems in place that prevent, deter and detect any misuse or abuse of the Indian financial system by malicious actors and maintain its systemic integrity. The reporting entity universe includes banks, capital market intermediaries, non-banking financial companies, insurance entities, payment intermediaries, credit card operators, designated non-financial businesses and professions including



casinos, real estate agents, dealers in gems and precious metals, trusts and company service providers, and virtual digital asset service providers.

On an average, FIU-India receives 3 million reports every month which are analyzed, and enriched with other information sources to produce actionable financial intelligence for initiating investigations, developing evidence, and tracing criminal proceeds by LEAs, IAs, and financial sector regulators.

FIU-India also prepares tactical, operational, and strategic intelligence reports to identify key money laundering/terror and proliferation financing trends, typologies, and developments. The risk profile of existing financial products/ threats or any new risk areas are also identified through these reports and brought to the attention of reporting entities, regulators and policy makers.



EGMONT GROUP OF FINANCIAL INTELLIGENCE UNITS

The Egmont Group is a united body of 170 Financial Intelligence Units (FIUs): FIUs are uniquely positioned to support national and international efforts to counter terrorist financing. FIUs are also trusted gateways for sharing financial information domestically and internationally per global anti-money laundering and counter-financing of terrorism (AML/CFT) standards. The Egmont Group provides FIUs with a platform to securely exchange expertise and financial intelligence to combat money laundering, terrorist financing (ML/TF), and associated predicate offenses.

Adding value: The Egmont Group adds value to member FIUs' work by improving stakeholders' understanding of ML/TF risks and draws upon operational experience to inform policy considerations, including AML/CFT implementation and AML/CFT reforms. The Egmont Group is the operational arm of the international AML/CFT apparatus.

Financial Intelligence Sharing and International Cooperation: The Egmont Group recognizes financial intelligence sharing is of paramount importance and has become the cornerstone of international efforts to counter ML/TF. FIUs around the world are obliged by international AML/CFT standards to exchange information and engage in international cooperation. As a global financial intelligence forum, the Egmont Group facilitates and prompts this exchange amongst its member FIUs.

International Standards Implementation: The Egmont Group supports international partners' and other stakeholders' efforts to implement the resolutions and statements of the United Nations Security Council, Financial Action Task Force (FATF), and G20 Finance Ministers.

(Source – <https://egmontgroup.org/>)



The Financial Action Task Force (FATF) is an inter-governmental body established in 1989. The mandate of the FATF is to set standards and to promote effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing and the financing of proliferation, and other related threats to the integrity of the international financial system. These standards are universally recognized as the international standard for anti-money laundering and countering the financing of terrorism (AML/CFT). The FATF monitors the implementation of its Recommendations and their efficacy in member countries through mutual evaluations.

The FATF comprises 39 full members that include 37 countries and two regional organizations viz. European Commission and Gulf Co-operation Council. There are also 9 FATF-style regional bodies that in conjunction with the FATF form a global alliance to combat illicit financing and implement and enforce the standards set by FATF. Thus, there are around 200 governments and 20 observer international organizations under the umbrella of the FATF Global Network. Beginning as an observer in the year 2006, India later became a member of FATF in the year 2010.

The genesis of FIUs lies in Recommendation 29 of FATF which is as follows-

“29. Financial Intelligence Units

Countries should establish a financial intelligence unit (FIU) that serves as a national centre for the receipt and analysis of (a) suspicious transaction reports; and (b) other information relevant to money laundering, associated predicate offenses and terrorist financing, and for the dissemination of the results of that analysis. The FIU should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative, and law enforcement information that it requires to undertake its functions properly.”

India is also a member of two FATF-style regional bodies viz. Asia/Pacific Group on Money Laundering (APG) and Eurasian Group (EAG).

(Source- <https://www.fatf-gafi.org/en/home.html>)

CENTRAL GOVERNMENT'S LAW ENFORCEMENT AGENCIES

Anti-Money Laundering

- Enforcement Directorate (ED)

Tax Administration and Enforcement

- Central Board of Direct Taxes (CBDT)
- Central Board of Indirect Taxes and Customs (CBIC)
- Directorate of Revenue Intelligence (DRI)
- Directorate General of Goods and Services Tax Intelligence (DGGI)

Drugs and Psychotropic Substances

- Narcotics Control Bureau (NCB)

Corporate Frauds

- Serious Frauds Investigation Office (SFIO)

Anti-corruption and Economic Offences

- Central Bureau of Investigation (CBI)

Anti-Terror Financing

- National Investigation Agency (NIA)

MAJOR CENTRAL GOVERNMENT MINISTRIES AND ORGANISATIONS

- Ministry of Home Affairs (MHA)
- Ministry of External Affairs (MEA)
- Ministry of Corporate Affairs (MCA)
- National Security Council Secretariat
- Central Vigilance Commission (CVC)
- Goods and Services Tax Network (GSTN)

STATE GOVERNMENT AND UNION TERRITORIES' AGENCIES

- State Police Departments
- Chief Secretaries of States

INTELLIGENCE AGENCIES

- Intelligence Bureau (IB)
- Cabinet Secretariat
- Central Economic Intelligence Bureau (CEIB)
- Military Intelligence
- National Technical Research Organization (NTRO)

REGULATORS

- Reserve Bank of India (RBI)
- Securities and Exchange Board of India (SEBI)
- Insurance Regulatory and Development Authority of India (IRDAI)
- Pension Fund Regulatory and Development Authority (PFRDA)
- International Financial Services Centres Authority (IFSCA)
- National Bank for Agriculture and Rural Development (NABARD)
- National Housing Bank (NHB)
- Directorate General of Audit, Central Board of Indirect Taxes and Customs

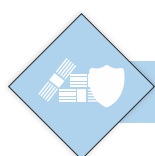
Note: The list is not exhaustive and is only indicative.

REPORTING UNIVERSE



Banking Companies

- Public sector banks
- Private Indian banks
- Foreign banks
- Co-operative banks
- Regional Rural banks



Financial Institutions

- Non-banking financial companies
- Payment system operators
- Payment Aggregators
- Insurance companies
- Hire purchase companies
- Chit fund companies
- Housing finance institutions
- Authorized persons
- India Post



Financial Intermediaries

- Recognized Stock Exchanges
- Depositories
- Stock Brokers
- Depository Participants
- Mutual Funds
- Credit Rating Agencies
- Debenture Trustees
- Share Transfer Agents
- Registrar to issue
- Portfolio Managers
- Underwriters
- Investment Advisors
- Custodian of Securities
- Foreign Institutional Investors
- Alternate Investment Funds
- Intermediaries Regulated by PFRDA
- Insurance Brokers

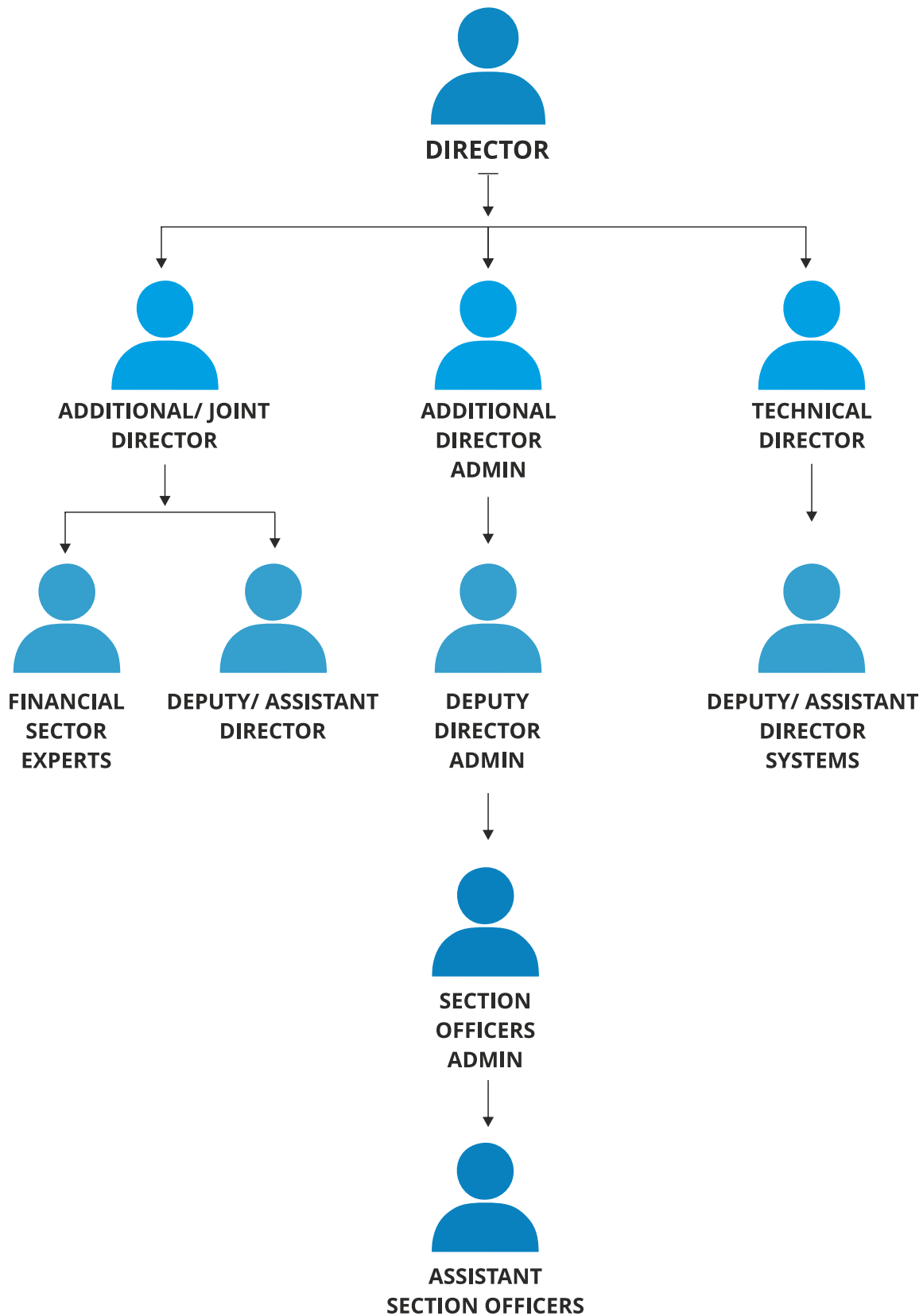


DNFBPs

- Casinos
- Inspector General of Registration
- Real Estate Agents
- Dealers in Precious Metals and Stones
- Virtual Digital Asset Service Providers
- Trusts and Company Service Providers
- Professionals with certificate of practice from ICAI, ICSI, ICMAI

Note: The list of Reporting Entities above is not exhaustive and is only indicative.

FIU India Organization Structure





A person in a dark suit is pointing at a document on a desk. The document contains various charts, including a pie chart and a bar chart. A laptop is visible on the right side of the desk. The entire scene is overlaid with a light blue semi-transparent filter. There are two dark blue decorative bars: one on the left side and one at the bottom right.

INTELLIGENCE SHARING

Major types of reports filed by REs

Suspicious Transaction Reports:

FY 2020-21 - 6,02,057

FY 2021-22 - 4,33,761

FY 2022-23 - 6,45,905

Transactions, including an attempted transaction, whether or not made in cash, which gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the schedule to the PMLA regardless of the value involved; or appears to be made in circumstances of unusual or unjustified complexity; or appears to have no economic rationale or bona fide purpose; or gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism.

Cash Transaction Reports:

FY 2020-21 – 1,29,34,750

FY 2021-22 – 1,42,75,771

FY 2022-23 – 1,49,92,815

All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency, and series of cash transactions integrally connected to each other even if valued below rupees ten lakhs or its equivalent in foreign currency taking place within a month., where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency.

Cross-Border Wire Transfer Reports:

FY 2020-21 – 3,61,24,141*

FY 2021-22 – 1,36,85,250

FY 2022-23 – 1,36,68,380

All cross-border wire transfers of more than Rs. 5 lakhs or its equivalent in foreign currency, where either the origin or destination of the fund is in India.

Non-Profit Organisations Transaction Reports:

FY 2020-21 – 7,91,307

FY 2021-22 – 8,16,113

FY 2022-23 – 8,38,258

All transactions involving receipts by non-profit organizations of value more than Rs.10 Lakhs or its equivalent in foreign currency.

Counterfeit Currency Reports:

FY 2020-21 – 1,88,184

FY 2021-22 – 2,20,538

FY 2022-23 – 1,92,940

All cash transactions, where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place.

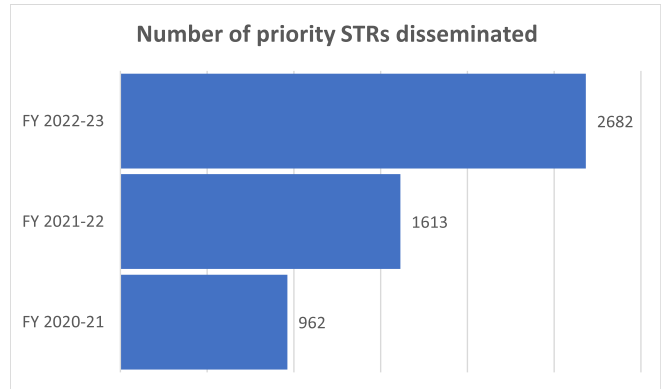
** Higher number of reporting in FY 2020-21 is due to refiling of earlier years' report by REs as per the guidelines issued by FIU-India.*

FIU-India shares intelligence with domestic LEAs, IAs and Sectoral Regulators in the form of spontaneous dissemination of STRs, CTRs, CBWTRs and in the form of operational analysis reports. FIU-India has established a channel of priority intimation of important STRs to facilitate immediate dissemination of important STRs which require urgent attention of LEAs. Financial intelligence so shared is an important source for LEAs for initiating investigations and a vital tool for strengthening their ongoing investigations. LEAs effectively make use of financial intelligence in identifying proceeds of crime and developing evidences for curbing the menace of money laundering and terror/proliferation financing.

Channel of Priority Intimation

The channel of Priority Intimation of Important STRs was established in March 2020 to address the need for identifying important STRs which are deemed to require urgent attention of LEAs to facilitate dissemination of such STRs on priority. A group of 57 reporting entities, deemed as systemically important, have been included in the priority intimation framework. The channel operates via email intimations made by the reporting entities to a FIU-India's nodal email address as soon as an important STR is filed by the REs concerned. Such STRs are processed on priority by circumventing the otherwise first-in-first-out (FIFO) basis of STR dissemination. These STRs are also enriched by extensive analysis done at FIU-India on the basis of other linked reports found in FIU-India's database, information available to FIU-India through access to other databases and open source

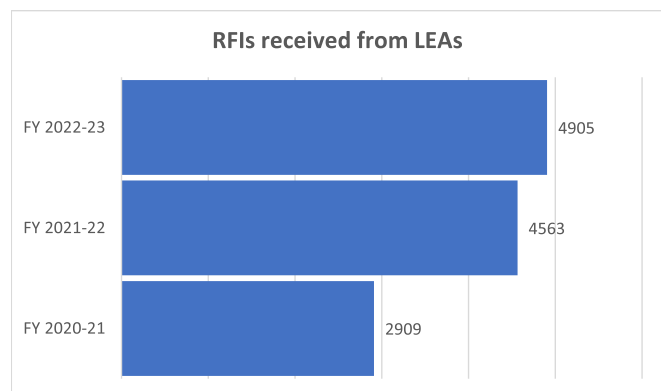
intelligence (OSINT). Since its inception in March, 2020, 5257 STRs have been disseminated via the channel of priority intimation



References

FIU-India receives references from LEAs and IAs to assist them in the pre-investigation stage inquiries and ongoing investigations. These requests pertain to investigations in different predicate offences ranging from financial fraud, corruption, smuggling, drug trafficking and terror/proliferation financing. These broadly conform to the risk identified in respect of various predicate crimes in the National Risk Assessment exercise.

FIU-India also receives references from other authorities such as tax authorities, registrar of companies, SFIO, for investigation into violation of other statutes.



The increasing number of references received from the LEAs and IAs demonstrates the utility and effectiveness of intelligence rendered by FIU-India.

Feedback provided by LEAs on financial intelligence shared by FIU-India is useful for

identification of emerging typologies and in improving the overall quality of reporting by REs. This helps in developing actionable intelligence which is better aligned with the requirements of LEAs as well as in capacity building of REs and FIU-India.



Identification of Accounts, Money Trail Leading to Identification of Illegal Activities of Suspect

A First Information Report (FIR) was registered against an individual in a police station in Jammu and Kashmir for cheating people by promising them work and contracts by claiming proximity to a political party and taking compensation for the same. FIU-India received request for information from Jammu and Kashmir Police. Account statements and other information pertaining to the financial transactions of the individual provided by FIU-India assisted Jammu and Kashmir Police in identifying transactions of the individual, which led to discovery of his illegal activities in India and a foreign jurisdiction. Based on said information, 5 bank accounts and an amount of INR 65,253 was frozen and two arrest warrants were issued.

Operational Analyses

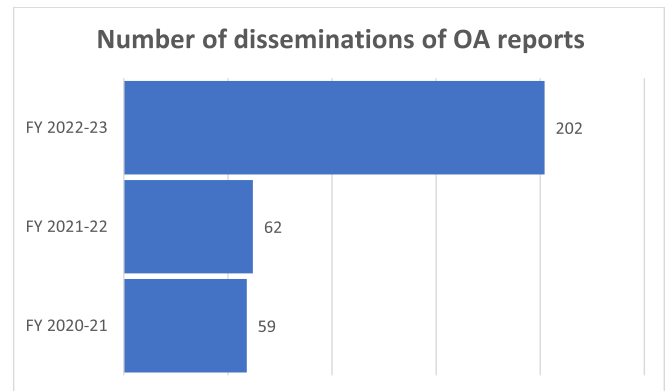
FIU-India undertakes OAs to identify emerging money laundering and terror financing trends, typologies and developments primarily based on the analysis of its STR database. The analysis is enriched by CTR, CBWTR and NTR data available in FIU-India's database. Further, operational analysis reports are improved with the use of third-party databases such as CDF, NSDL, CDSL, CBDT, MCA and other commercial databases combined with open-source intelligence (OSINT) and other analytical tools. OAs identify STRs filed by various reporting entities in respect of

subjects and analyze them in conjunction which helps in establishing money flows and asset tracing. OAs include KYC data and transaction details of subjects which helps in building a 360-degree financial profile.

Tactical Analysis

In addition to operational analyses, FIU-India undertakes tactical analyses wherein it is endeavored to identify the information needed to build up a case establishing wrongdoing and the accompanying facts that clarify the reasons behind the commission of a criminal offense. Tactical analysis includes the matching of data

received from reporting entities with data held by the FIU-India or other sources of information accessible to it such as data in public and government-held databases to understand the transactions, related entities/persons or other elements involved in a particular case to generate tactical information which is disseminated to appropriate law enforcement agencies.



Scholarship Scam

Government of India has implemented multiple scholarship schemes to provide financial assistance to economically weaker students. An operational analysis report was prepared based on STRs filed on misuse of such scholarship schemes by a group of closely linked educational institutions for pilfering funds meant for such students. Large number of accounts were opened through business correspondents of a bank, in the name of persons who did not appear to be genuine students, being too old or too young to qualify for such scholarships. The scam was estimated to be worth of approximately INR 1 billion.

Based on the operational analysis report, the LEA conducted searches which resulted in seizure of INR 3.6 million in cash, 1200 SIM cards, a Micro ATM machine, 3000 bank accounts, incriminating documents, and electronic evidence related to the offense and subsequent money laundering. As the investigation progressed, three key management personnel of an institute directly involved in the scholarship scam and a name-sake professor who was the executor of the conspiracy were arrested.



Foreign Exchange Violations and Money Laundering by Offshore Gambling Platforms

A RE conducted mystery shopping exercises on certain gambling platforms registered in tax-haven jurisdictions. The platforms allowed payments in Indian rupees, which appeared to be collected in certain collection accounts held in India. An STR was filed by the RE with FIU-India. FIU-India obtained the account statements and KYC information of the collection accounts and followed the money trail of the proceeds collected on behalf of the gambling platform. The investigations revealed that the proceeds were moved through the accounts of several shell entities before being remitted abroad in violation of foreign exchange regulations. The OA report led to the freezing of assets and arrests of four persons by an LEA.



Counter-financing of Terrorism

After a bomb blast in an Indian City, an LEA request for information on the financial details and transactions of the main accused was received in FIU-India. An operational analysis report was prepared based on the information gathered from reporting entities and shared with LEAs. The analysis indicated that the main accused was dealing in crypto currencies through his own accounts held in India as well maintained with an international Crypto exchange, accounts held by money mules and other accounts related to the main accused. The same modus operandi was followed in other accounts and all these details were included in the OA report. Based on the said financial intelligence, LEAs were able to identify other nodes involved in the blast.



Fraud Based on Gaming App

STRs filed on accounts related to a fraudulent gaming app were identified. The modus operandi involved sending of messages on instant messaging apps to victims, who were manipulated into installing and playing online games for small amounts and then becoming inaccessible. Open-source information was used to identify the contact numbers and account numbers of scammers, which matched some of the names mentioned in the STR. The report containing details of 147 accounts of the fraudsters were shared to the LEAs. This led to the investigation of 1,548 bank accounts linked to cybercrimes and seizure of funds to the tune of INR 1.1 billion.



Registered Unrecognized Political Parties

Based on the 70 STRs filed on 20 Registered Unrecognized Political Parties, an operational analysis report was prepared which identified large amounts (cumulative INR 20.56 billion) being credited into the accounts held by said parties. The amounts were transferred to other accounts held in the name of entities engaged in agricultural activities/precious metals and commodities from where they were subsequently withdrawn predominantly by way of cash withdrawals and further transfer to other accounts from where they were withdrawn in cash. Misuse of the provisions of section 80GGB of Income Tax Act, 1961 by which donations to political parties are exempt was highlighted; amounts transferred into the accounts of such parties were exempted from income tax and this was being misused by the entities in question. The report resulted in the LEA undertaking search and seizure operations leading to the identification of transactions equivalent to INR 20 billion and cash seizure of INR 300 million.



Illegal Forex Trading Platforms

Online forex trading services offered through electronic trading platforms are illegal under Foreign Exchange Management Act (FEMA). An operational analysis report was developed based on the STRs filed on such illegal forex trading platforms and their Indian partners along with open-source information, as well as additional information obtained from reporting entities. The analysis revealed that certain Indian accounts were being used as collection accounts for such platforms. The analysis also revealed cash withdrawals and use of virtual digital assets.

Further, another operational analysis report which highlighted the transactional linkages between an international online forex broker, listed by RBI as unauthorized for undertaking forex transactions in its alert (Press release of RBI), and agents operating in India pertaining to 20 STRs with reported transactions worth INR 20 billion, was also shared with LEAs. This led to the arrest of two persons and seizure of cash in excess of INR 80 and freezing of assets worth INR 200 million by an LEA. It also led to the seizure of cash of INR 60 million and identification of undisclosed income of INR 12 billion by another LEA.



Routing of Funds through Shell Entities

FIU-India had disseminated an Operational Analysis carried out on a set of STRs involving routing of huge amount through a web of accounts, maintained by various individuals/entities. The amount so routed was ultimately withdrawn in cash or remitted overseas as import payments through two companies; ABC Ltd. & XYZ Pvt. Ltd. one of which is also listed on a stock exchange in India. Funds amounting of INR 670 billion were so routed through more than 900 accounts in 3 financial years (2019-20 to 2021-22) of which INR 143 billion was withdrawn in Cash and INR 92.50 billion was remitted abroad. The entities so involved exhibited various traits of shell entities. Further, both ABC Ltd. & XYZ Pvt. Ltd. remitted funds to common set of overseas counter-parties, majority of which operated from a foreign jurisdiction and many of which had key persons of Indian origin. Extensive use of Crypto-assets was also observed to route huge amount of funds and amount of INR 17.70 billion received in accounts of various individuals from Crypto-exchanges, during a short period in F.Y. 2021-22, was ultimately remitted abroad through ABC Ltd. & XYZ Pvt. Ltd. Payment towards investment by these individuals in crypto-assets could not be ascertained. Examination of balance sheet of the listed company; ABC Ltd., as on March 31, 2021, indicated that it had huge trade receivables from overseas buyers (INR 37.40 billion) and was barely collecting money back, whereas it was consistently remitting funds as advance payments to overseas suppliers. It was observed that many of the domestic as well as overseas entities, involved in the case, were also acting as conduit of funds for other suspicious entities as well which were engaged in illegal Forex Trading, illegal Loan App cases etc. On the basis of this OA. LEAs have initiated investigation in 2023, for over-valuation/mis-declaration in the matter.



Foreign Outward Remittances for Media and Entertainment Services

During analysis of STRs, it was found that various entities purporting to be engaged in providing media and entertainment services and based in Indian cities had made suspicious outward remittances to entities in foreign jurisdictions. These STRs were examined to form clusters of related individuals and entities. Key persons of the group were found to be receiving funds in their bank accounts from crypto currency exchanges. Operational Analysis report shared with LEAs led to the search and seizure operations, leading to the revelation of transactions facilitated by the group to be more than INR 10 billion rupees. On the basis of this OA, action taken by th LEA led to the cash seizure of more than INR 5 million.

STRATEGIC ANALYSIS:

With increasingly complex and ever evolving financial crimes, it is essential to be nimble-footed in comprehending new money laundering/ terror financing typologies so as to be able to counter them effectively. It is with this vision that Strategic Analysis Lab (SAL) was established as part of the FINnet 2.0 project to continuously research and analyse data for improvement of intelligence generation. The setup of Strategic Analysis Lab (SAL) was completed in the year 2021, and since then, more than 35 studies have been completed. The SAL has its own specialized human resources having access to latest analytical tools and technologies. It acts as a “Centre of Excellence” and mines data to strengthen intelligence generation capabilities of FIU-India. Some of the studies conducted by SAL under key functional areas are as follows:

Institutional Learnings:

One of the broad objectives of SAL is to conduct studies on various reports submitted by the REs and identify reporting trends and deficiencies. These studies lend an insight into the pattern and quality of report filed by REs at individual- and sectoral-level. Corrective measures are taken to improve reporting quality by issuance of guidelines. Some of the studies undertaken are CTR, CCR, CBWTR and STR trend analysis.

Red Flag Indicators:

Studies on alert indicators were undertaken, with the objective to conduct RE category-wise analysis on the usage of alerts in filing of STRs. These studies are used to make

suitable changes to the prescribed alert list. Some of the recommendations from the study included in FINnet 2.0 framework were training on general reporting format, drop-down option for alert instead of free text field and addition of new alerts.



Research analysis and typology reports:

SAL prepares typology reports for FIU-India based on its research and analysis of past and present events specific to money laundering and other financial crimes. Risk analysis of online gaming and gambling in India, cybercrimes and its data analysis, and virtual digital assets study are some of the research reports prepared by SAL.

RISK RATING AND PROFILING

Risk rating of persons

STR database was analyzed for risk prioritization of individuals based on parameters such as number of distinct STRs filed against an individual, number of

different REs reporting such individuals in STRs, source of alerts reported upon along with the nature of scheduled offences. The risk rating of individuals is used for prioritization and further generation of intelligence centered around key persons.

STR Prioritization:

STR prioritization is a recurring activity performed by the SAL on a quarterly basis. The objective is to prioritize those STRs which require urgent LEA attention. It is done by analysing STR database through different processes including analysis of

frequency distribution of systemically important words in the suspicion reported by REs, query based approach on parameters such as predicate offence, source of alert, nationality, country of incorporation, constitution type, relationship linkages, cash intensity and suspicious foreign entities.

TRAINING NEED ANALYSIS

Reports filed by sectors such as NBFC, Cooperative banks, Regional Rural Banks and FFMC were studied on qualitative and

Study on Virtual Digital Assets

The scope of the study was to understand the working of Virtual Digital Assets (VDA), its transaction flows, methods of preliminary review during an investigation and practical key aspects in the Indian market. It also includes key analysis of money laundering and terror financing risks involved with VDA and any new money laundering patterns used by criminals. Further, the SAL team studied the existing KYC process of various VDA exchanges to identify vulnerabilities, threats and risks associated with customer onboarding.

Cybercrime type and its data analysis:

The study aimed at gaining an insight into cybercrimes and its different typologies prominent in India based on STRs filed by REs. The study parameters included analysis of top REs based on number of cybercrime related STRs filed, top entities or individuals reported in such STRs, along with geographical distribution of accounts flagged in those STRs. The analysis further tagged STRs available in FIU-India database with different types of cybercrime using NLP.

Risk analysis of online gaming and gambling in India:

The research report gave an overview of the online gaming and gambling industry in India along with AML risks associated with the use of convertible and non-convertible virtual currencies on such platforms. The study covered laws and regulations pertaining to this sector and the KYC process followed by online gaming and gambling platforms in India. Vulnerabilities and risks along with money laundering techniques and typologies associated with the sector were further studied.

quantitative lines, which recommended training needs for this sector on reporting formats, quality of reporting, identification of suspicious transactions, and timely filing of reports. The recommendations made in the reports were used to conduct outreach for the sectors and train AML personnel of such REs. The training requirements were included in the LMS module of FINnet 2.0.

REPORTING COMPLIANCE

RE Compliance Monthly Report:

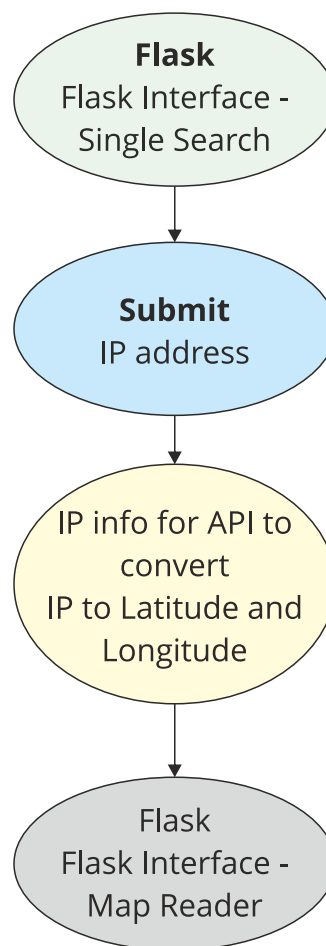
The RE compliance report is a recurring monthly activity done by the SAL team to provide a dashboard of all report types viz. STRs, CCR, CTRs, NTRs, CBWTRs filed by the REs. Some of the parameters provided in the dashboard are the list of new REs registered with FIU-India, the list of REs filing deficient batches and reports, the top 500 CTRs, NTRs, and CBWTRs filed and deficient STRs. The reports are used to give feedback to the REs or initiate compliance measures against them.

ADHOC PROJECTS

The SAL has developed following automation utility tools for enhancing efficiency of analysts:

IP Address Utility Tool:

The tool has the capability to render single or multiple IP addresses on to a world map and feature to download geo-location details of all the IP addresses in a list format. The tool provides dual functionality of Single IP Search and Multi IP Search.



Automation of Fund Flow:

This tool is used to conduct bank statement analysis of a single or multiple accounts and identify top debit and credit parties, top account debit, top account credit, top modes for debit and credit transactions and account level summary.

STR Topic Modelling:

This automation tool is developed for the purpose of topic modeling of a set of STRs. It studies linkages based on related words occurring together in the ground of suspicion of such STRs, common counterparty and other attributes and identifiers mentioned in the STRs viz. address, phone numbers, PAN, profession or business and bank branch.





DOMESTIC COOPERATION

COOPERATION WITH LAW ENFORCEMENT/ INTELLIGENCE AGENCIES

Every partner law enforcement and intelligence agency of FIU-India has a nodal officer to engage on all issues between their organization and FIU-India. To improve cooperation in information processing and sharing, FIU-India has established a framework of bi-monthly meetings with Nodal Officers of the major LEAs/IAs. Since the institutionalization of the framework, several meetings have been held with the Nodal Officers of major LEAs and IAs including from CBDT, DGGI, DRI, SFIO, ED, NCB, CBI, NIA, IB and NTRO. This forum provides a platform for the exchange of ideas between FIU-India and LEAs/IAs and facilitates deliberations on a broad spectrum of matters ranging from routine operational issues in FINnet to policy matters to enhance effective coordination among FIU-India and LEAs/IAs. Ideas emanating from the meetings have resulted in various initiatives leading to improvement in the efficacy of the FINnet system and information-sharing mechanism.

Notable initiatives include prioritization of STRs, request for information proforma on FINnet 2.0, operational analysis of STRs, creating a robust feedback mechanism and public private partnership. Outreach programs were initiated with LEAs to develop a better understanding of the functioning and expectations of LEAs and IAs.

FIU-India is an active member of the Multi-Agency Centre (MAC) set up in the Ministry of Home Affairs specifically for the exchange of terror-related information. FIU-India is a

member of the FICN Coordination Group (FCORD) formed by the MHA to share intelligence/information among security agencies of the States and Centre to counter the problem of circulation of fake currency notes.

FIU-India regularly communicates with the police departments of the State Governments and Union Territories, and also takes part in meetings of the Economic Intelligence Council (EIC) and Regional Economic Intelligence Councils (REICs) convened by the Central Economic Intelligence Bureau (CEIB).

COOPERATION WITH REGULATORS

FIU-India has developed a close relationship with financial sector regulators viz. RBI, NABARD, SEBI, PFRDA, IRDAI, NHB and IFSCA for strengthening AML and CFT regulations. FIU-India maintains a constant dialogue with the regulators for fine-tuning AML/CFT framework through issuance of guidance, creation and revision of alert indicators relating to various types of entities regulated by them. These interactions and cooperation ensure that the regulators' guidelines, directions or circulars on AML/CFT and KYC obligations cast upon their regulated entities are regularly revised to mitigate any emerging risks.

FIU-India also supports sectoral regulators by responding to matters referred by them. A case in point has been references received from one of the financial sector regulators seeking information, such as bank account details, and property details in respect of defaulters under its respective Act which were responded by FIU-India. In this regard,

the feedback received from the regulator indicates that said information was found useful.

FIU-India continues its regular interaction with the industry associations, self-regulatory organizations and market infrastructure institutions to develop a thorough understanding of obligations under PMLA and improve compliance with reporting obligations under PMLA. Sector-specific issues are identified from trend analysis of STRs and shared with the regulators concerned for devising and revision of guidance, guidelines and circulars. FIU-India also collaborates with the regulators for capacity building on AML/CFT issues of REs.

MoUs with LEAs, Ministries and Financial Sector Regulators

In order to provide a secured and structured framework for information sharing, enhanced cooperation and understanding, FIU-India has entered into MoUs with all major LEAs including ED, MCA, SFIO, CBI, NCB, CDBT, CBIC and NIA. The MoUs emphasize on maintaining confidentiality of shared information.

MoUs with the regulators including RBI, IRDAI and SEBI are useful in strengthening the AML/CFT framework amongst the entities regulated by the respective regulators in terms of emerging AML risks and typologies and undertaking mitigating measures. These MoUs also facilitate exchange of information on the outcomes of compliance inspections of regulated entities

in the AML/CFT domain undertaken by them with FIU-India. Such references, when found relevant are converted into compliance proceedings, which may result in advisories, directions, warnings issued, and penalties imposed by FIU-India on such reporting entities.

Enrichment Of Database of FIU-India

By means of bilateral arrangements or MoUs, FIU-India has access to a wide range of databases of various authorities including registering authorities, payment and settlement infrastructure providers, depositories and law enforcement agencies. Some of these databases include CERSAI, CDSL, NSDL, NPCI, CDBT, MCA, NATGRID, and GSTN. This is used for the purposes of data validation, enrichment and establishing entity-relationship linkages.

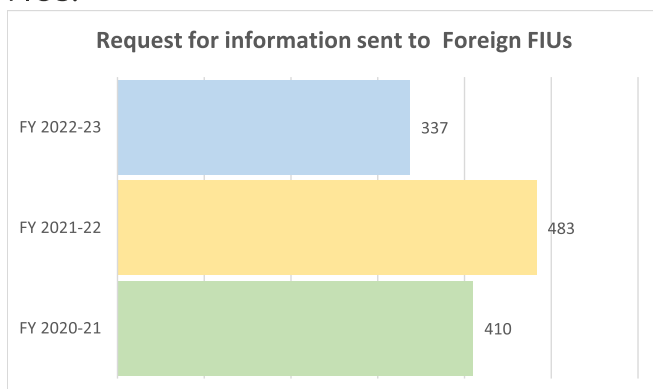
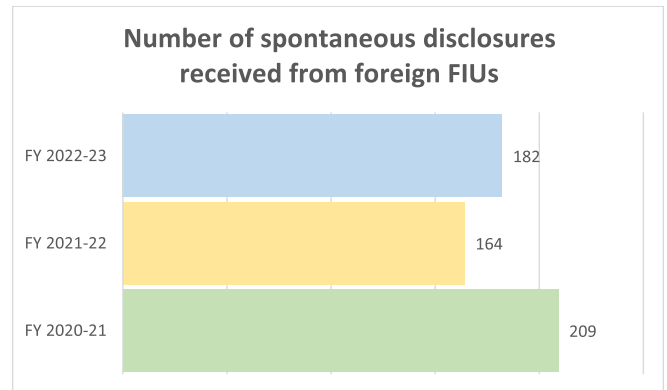
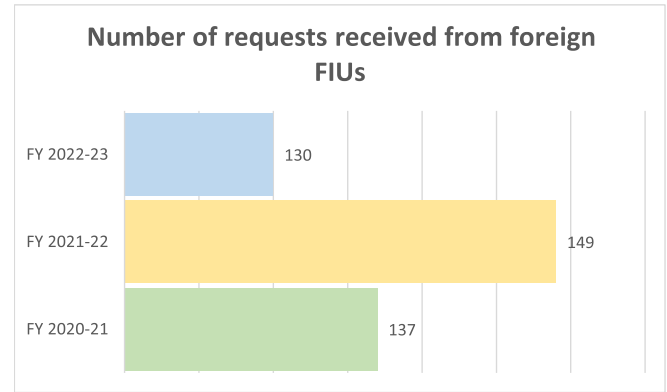




INTERNATIONAL COOPERATION

FIU-India continues to foster a strong relationship with the FIUs of other countries. Being a member of the Egmont Group, FIU-India adheres to the Egmont principles of exchange of information and actively exchanges information with other counterpart FIUs.

Requests for information are received from domestic LEAs and are processed and sent to the foreign FIUs. The information received are disseminated to the concerned LEAs. Similarly, foreign FIUs send request for information to FIU-India which are processed in a timely manner and are disseminated to those FIUs. The information is mined from the vast database that is available with the FIU-India along with other databases primarily such as MCA, passport, OSINT. Further, additional information can be sought from REs and LEAs subject to the consent provided by requesting FIU. In certain instances, information shared by requesting FIUs have been shared with domestic LEAs and same has been found useful by them. Feedback is regularly received from foreign FIUs as well as domestic LEAs on usefulness and quality of intelligence. In addition, a two-way spontaneous disclosure of intelligence i.e., without any request for information also happens between FIU-India and Foreign FIUs.



FIU-India does not need to sign an MoU with foreign FIUs to exchange information; instead, it may do so based on reciprocity. A Memorandum of Understanding (MoU) is negotiated to formalize the nature and scope of cooperation, provide a structured framework for better understanding, and increase the level of cooperation. Since 2008, FIU-India has started MoU negotiations with numerous FIUs, and as on date, MoUs have been signed with 49 counterpart FIUs. MoUs with the FIU of Turkmenistan and Lesotho were signed during FY 2022–23. Further negotiations with other FIUs are in progress.

FIU-India participates in the Joint Working Groups (JWGs) on Counter Terrorism set up by the Government of India with various

countries for evaluating the AML/CFT vulnerabilities and national risk assessment for the country.

FIU-India participates in the Joint Working Groups (JWGs) on Counter Terrorism set up by the Government of India with various countries for evaluating the AML/CFT vulnerabilities and national risk assessment for the country.

FIU-India has played a pivotal role in Egmont Group by serving in various leadership positions in Egmont Group. It is a great honour for FIU-India as Shri. Manoj Kaushik, Additional Director, FIU-India, was elected as the Chair of Membership, Support, and Compliance Working Group (MSCWG), for the second consecutive term during the Egmont Plenary Meeting held in Riga, Latvia in July 2022. The election enhanced the role of FIU-India in policy matters in the Egmont Group and also depicts the trust of counterpart FIUs in the leadership of FIU-

India. It also reflects the credibility of FIU-India globally and is a validation and acceptance of its practices and procedures.

Shri Chaitanya Shukla, Additional Director, FIU-India, served as the Vice-Chair of Information Exchange Working Group (IEWG) of the Egmont Group of FIUs during the FY 2022-23 and has effectively contributed to the functioning of this working group.

Participation in FATF, APG and EAG

Since 2010, India is a member of FATF. India is also a member of two FATF style regional bodies viz. Asia/ Pacific Group on Money Laundering (APG) and the Eurasian Group (EAG). As a member, FIU-India officers proactively participate and significantly contribute in the deliberations and initiatives of these global bodies.



Shri Manoj Kaushik
Additional Director, FIU-India



Shri Chaitanya Shukla
Additional Director, FIU-India

Director, FIU-India led the Indian delegation in the FATF and participated in following plenary meetings held viz:

- Berlin, Germany in June 2022
- Paris, France in October 2022
- Paris, France in February 2023

In FY 2022-23, FIU-India also participated in following other international forums:

- Asia Pacific Joint Group Meeting held in Sydney, Australia

- Joint Egmont Group- WCO Conference held in Budapest, Hungary
- First Learning and Development Forum on Asset Targeting and Recovery Systems held in Rome, Italy
- R.24 Guidance Drafting Group
- FATF's Recommendation 24 on Beneficial Ownership- Meeting of Guidance Drafting Group in Berlin, Germany



LEGAL AND COMPLIANCE FRAMEWORK

PREVENTION OF MONEY LAUNDERING ACT, 2002 (PMLA)

PMLA is India's legislation for combating money laundering, which was enacted in 2003 and brought into force on 1st July 2005. Important amendments in the PML Rules, WMD Act and Notification under PMLA are as follows:

NPO Transaction Reports (NTR)

The definition of NPO is amended in the PML Rules, by exercising the powers conferred by section 73 of the PMLA. According to the new definition, as per rule 2,(1)(cf) of the PML Rules Non-profit organization means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013). The REs are now required to file the NTR report based on the above-mentioned amendment and guidelines have been issued on the same by FIU-India.

Politically Exposed Persons (PEPs)

PEP has now been defined under the PML Rules by exercising the powers conferred by section 73 of the PMLA. PEPs, as per newly inserted rule 2 (1)(db), are individuals who have been entrusted with prominent public functions by a foreign country, including the heads of States or Governments, senior

politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials.

Beneficial Owner

As per the amendments to the rule 9 of the PML Rules, any individual or group holding 10% ownership in the client of a 'reporting entity' will now be considered a beneficiary owner as against the ownership threshold of 25% applicable earlier.

Virtual Digital Asset Service Provider

The Central Government in exercise of the powers conferred by sub-clause (vi) of clause (sa) of sub-section (1) of section 2 of the PMLA issued a notification that brought several kinds of virtual asset service providers within the ambit of the PMLA, 2005 and the Rules thereunder. Entities carrying on the following business or profession were notified to be 'reporting entities' under the PMLA act:

- Exchange between virtual digital assets and fiat currencies,
- Exchange between one or more forms of virtual digital assets
- Transfer of virtual digital assets
- Safekeeping or administration of virtual digital assets or instruments enabling control over virtual digital assets
- Participation in and provision of financial services related to an issuer's offer and sale of a virtual digital asset

The Weapons of Mass Destruction and Their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (“WMD Act”)

The Act was amended in August, 2022 to include section 12A, which pertains to prevention, and prohibition financing of proliferation of weapons of mass destruction and their delivery systems. Under the provisions of said section and orders issued thereunder, Director, FIU-India has been made as the Central Nodal Officer (CNO) for the purpose of implementation of said provisions. In his role as the CNO, Director, FIU-India is mandated to undertake operational coordination with regulators of financial institutions and DNFBPs, Foreigners' Division, Ministry of Home Affairs, Ministry of External Affairs, Ministry of Corporate Affairs, and Governments of States and Union Territories, to receive information in respect of funds, financial assets, economic resources or related services held by designated individuals/entities, and make determination on freezing of said assets, exemptions to be granted thereto, unfreezing of frozen assets and designation and de-listing of individuals and entities.

COMPLIANCE FRAMEWORK

By effectively implementing the obligations, the REs ensure the financial system is more transparent, thereby deterring criminals and terrorists from abusing India's financial system. In order to keep an oversight on how various REs across sectors are fulfilling the obligation cast on them in the PMLA and PML Rules, FIU-India takes suitable

measures like monitoring report filing pattern, issuing guidelines in respect of alert indicators for identifying suspicious transactions, issuing typology reports and other measures to support the Reporting Entities for meeting their obligations. Such measures help the REs in keeping abreast with the latest AML/CFT trends and identification of focus areas highlighted through NRA.

However, apart from these handholding measures, FIU-India monitors matters of grave violation by the REs based on various sources like independent analysis of information available in public media & open source (e.g., a news report discloses a fraudulent criminal activity in respect of a client of the RE which suggests an apparent failure on the part of the Reporting Entity), supervisory action by the Regulators and violations brought to the knowledge of FIU-India by the Regulators during routine inspections and audits, internal referrals after a review conducted by FIU-India, etc. Cases of apparent violation of statutory obligations trigger requisite legal action by FIU-India under the provisions of PMLA.

Issuance of Alert Indicators and Revision of Guidelines

On the basis of the latest sector-wise risk trends, FIU-India periodically reviews the alert indicators for all the sectors. During this exercise, the alert indicators are reviewed in order to understand their relevance and act appropriately if there is a requirement for revision. Further, fresh alert indicators in order to address emerging risks are also considered for implementation.

Alert Indicators



- a. Create a common and shared understanding of the STR detection and reporting systems.
- b. Provide indicative lists of high-risk customers, products, services, and geographies.
- c. Provide commonly used alerts for the detection of suspicious transactions.
- d. Provide guidance for alert management and preparation of STRs.

FIU-India constitutes sector-wise expert working groups having representative of FIU-India, financial sector regulator, and reputed REs. It is ensured that the Working Groups are constituted holistically in order to ensure that there is sufficient expertise in order to logically brainstorm ideas and adopt a data-driven approach for formulation of alert indicators. Moreover, the inclusion of REs promotes the idea of public-private partnership and incorporates inputs from the private entities while finalizing the alert indicators. The alert indicators issued by FIU-India are indicative in nature and the REs are required to devise other suitable parameters based upon their specific risks and operational requirements.

Revision Of Alert Indicators For The Capital Markets – A Marked Shift

During the FY 2022-23, a working group comprising of members from SEBI, FIU-India, Stock Exchanges and Depositories was constituted to comprehensively revise the alert indicators for the capital markets sector. After various rounds of deliberation, the Supplemental Guidelines were issued which appropriately address emerging risks like synchronized and manipulative trade practices, order spoofing, mis-utilization of client funds by the stock brokers, suspicious off-market transactions, etc.

These Supplemental Guidelines have led to a strategic shift in the manner in which FIU-India receives information with respect to securities markets transactions. Previously the primary focus was on the Stock Brokers and Depository Participants to report suspicious transactions to FIU-India as they are the first point of contact for a client to access the Capital Markets.

There was consensus in the working group that as far as the securities markets are concerned, the MIIs viz. the Stock Exchanges and the Depositories have to play a pivotal role as far as transaction monitoring in this sector is concerned. In light of the growing trading volumes, their role becomes cardinal in making the AML/CFT architecture more robust for this sector. Though the MIIs have been Reporting Entities to FIU-India since the beginning, the lack of alert indicators specific to them left a lot of scope for improvement in their reporting quality. The Supplemental

Guidelines have specified clear areas of focus for the MIIs, and it is expected that this would lead to a marked improvement in the reporting quality and thus will help FIU-India to generate meaningful intelligence for the LEAs.

Stock Exchanges

It was identified that a stock broker or a depository participant does not have complete visibility on both legs of the trade unless and until both the buyer and seller are having an account-based relationship with them. This is an exception rather than a routine because generally speaking in an exchange-based trade, the buyer and seller is associated with different stock brokers and the trades are anonymous. Therefore, the stock exchanges have the capacity to monitor suspicious buy-sell transactions which are carried out with the intent of manipulating the prices. On similar lines, if the clients enter synchronous reversal trades in illiquid derivative contracts in order to offset profit and loss, the stock exchanges have a better vantage point to monitor and report such suspicious transactions. Further, the advanced transaction monitoring system available with the exchanges, which are not accessible to a broker, can identify manipulative trade practices like insider trading, front-running, artificial volume creation, order book spoofing, and pump and dump price patterns more effectively.

Additionally, in view of the consolidated client-level trading data available with the exchange which captures the trading behavior of the client across instruments and across various trading accounts held by a particular client with different stock brokers, it was agreed that the stock

exchanges need to carry out independent transaction monitoring at the client-level and consider transactions for reporting any suspicious trading activity having AML/CFT implications. The individual stock brokers do not have clarity on the trading pattern of a particular client with other stock brokers. Thus, client-level monitoring by the stock exchanges can trigger alerts based on aggregate trading patterns.

The fresh alert indicators impress upon the stock exchanges to consider cases where there is suspicion of mis-utilization of client funds by the stockbrokers such as frauds, etc. Further, they are also required to analyze cases wherein serious anomalies from the AML/CFT perspective are observed by them during the course of their inspections and audits of stock brokers.

Depositories

The Supplemental Guidelines also deal with the identification of suspicious off-market transfers. An off-market transfer is a way of transferring shares directly between two accounts without the involvement of an exchange platform. For instance, gifting of shares can be done through an off-market transfer without the involvement of exchange. Based on the delivery instructions of the transferor, the securities are directly transferred to the transferee's account. The Guidelines include specific alert indicators on suspicious off-market transfers.

As per the new guidelines, the depositories are required to conduct transaction monitoring in respect of the alert indicators. Further, high-risk alerts emerging out of such transaction monitoring have to be analyzed and addressed by the Depositories. In case, they find a suspicious transaction fit for reporting the responsibility to file STRs has been cast upon the Depositories. Further, the rest of the alerts thus generated will be forwarded to the Depository Participant concerned which are required to analyze them and take required appropriate action.

Guidelines for Credit Rating Agencies (CRAs) and Debenture Trustees (DTs)

CRAs evaluate the creditworthiness of fixed-income securities and debt obligations of corporate entities. During the course of the rating process, they perform both qualitative and quantitative analysis in order to understand the financial standing of the issuer and its ability to meet its debt obligation. FIU-India is of the view that during the rating process based upon their interaction with the issuer, CRAs have a unique vantage point to come across suspicious financial activity committed by the issuer. The suspicion needs to be analyzed by the CRAs from the AML/CFT perspective and if found relevant, they should consider filing STRs with FIU-India. During FY 2022-23, FIU-India carried out comprehensive discussions on AML/CFT focus areas for CRAs in collaboration with the representatives of SEBI and key CRAs operating in India. The expectations are that

timely reporting of STRs by the CRAs will help in identifying serious corporate frauds having AML/CFT implications in the early stages and ensure timely action by LEAs based on such financial intelligence preventing siphoning of funds by delinquent issuers. In the last quarter of FY 2022-23, the working group finalized the alert indicators and shared the same with SEBI for a final round of vetting. These alert indicators have since been issued in the month of April 2023

DTs means a trustee of a trust deed for securing any issue of debentures of a body corporate. A debenture is an instrument of debt executed by the company acknowledging its obligation to repay a sum at a specified rate and also carrying an interest. The duties of a Debenture Trustee include calling for periodic reports from the issuers of the debentures and take appropriate action in the interest of the debenture holders as soon as any breach of trust deed or law comes to its notice. Such breach of trust deed may have implications from the AML/CFT perspective and is required to be analyzed by the DTs and may be considered for reporting to FIU-India, if deemed fit. The intent is to catch fraudulent diversion of funds which might be relevant from the AML/CFT angle. In the last quarter of FY 2022-23, a working group comprising representatives from FIU-India, SEBI and select DTs finalized the alert indicators for the DTs and shared the same with SEBI for a final round of vetting. These alert indicators have since been issued in the month of April 2023

Guidelines for Cash Transaction Reports (CTRs) and Non-profit Transaction Reports (NTRs)

In view of the deficiencies observed in the CTRs filed in the previous years by the REs, FIU-India issued guidelines to the banks to correct the anomalies and ensure that complete CTRs are filed. Similarly, in order to make the banks aware of the changes in the definition of Non-profit organization in the PMLA, guidelines were issued to the Banks for filing NTRs as per the amended definition.

Revision of alert indicators for Insurance Sector

The SAL of FIU-India conducted an analysis of the STRs filed in the insurance sector in order to understand the reporting quality in the sector. Based upon the analysis by SAL and discussions with the Regulator viz. IRDAI, it was agreed that the alert indicators needed to be revised. Therefore, FIU-India constituted a working group which was mandated to revise the guidelines and alert indicators for the insurance sector. The revised guidelines for life and general insurance were released by FIU-India in February 2023. The revised guidelines lay special stress upon the generating alerts in cases of frauds experienced by the Insurance companies. They are required to analyze such alerts from the AML/CFT perspective and furnish reports to FIU-India in suitable cases.

Reporting Obligations for Real Estate Agents

The Central Government has notified Real Estate Agents as persons carrying on designated business or profession (DNFBPs), and has brought them under the ambit of reporting obligations to FIU-India specified under Prevention of Money Laundering Act (PMLA). Further, Directorate General of Audit Central Board of Indirect Taxes and Customs (CBIC) has now been notified as the AML/CFT regulator for the Real Estate Agents. The Regulator has issued Guidelines on AML/CFT obligations of the real estate agents under PMLA in consultation with FIU-India in the month of February, 2023 and subsequently, Real Estate Agents have initiated registration with FINNET 2.0 in order to bring themselves in compliance with PMLA. FIU-India has also issued guidelines on detecting suspicious transactions for the Real Estate Agents specifying the alert indicators in the month of April, 2023.

Issuance of alert indicators for Payment Intermediaries

With the advent of technology, new forms of payment intermediaries have entered the financial system offering a multitude of financial services such as payment aggregation, providing payment gateway services, offering cross-border payment gateway services etc. These new-age players pose challenges in respect of transparency of the parties involved in transactions facilitated by them and the relative speed with which such transactions are completed – leading to emergence new sources of AML/CFT risks.

FIU-India constituted a working group involving these payment intermediaries, RBI, NPCI which extensively studied the business models of these technology-enabled financial services firms and their modes of operation and came out with guidelines for effective detection and reporting of suspicious transactions. These guidelines included implementation of alert indicators for identifying suspicious transactions and the guidelines were organized in two segments: first, deals with scenarios that can be implemented through transaction monitoring and the second, deals with those alerts that are managed outside of transaction monitoring on an ongoing basis. These guidelines were issued in February 2023 and are widely accepted by the payment intermediaries as a part of their internal mechanism for mitigating AML/CFT risks.

Virtual Digital Asset Service Providers reporting framework

In March 2023, the Central Government has notified VDA SPs as DNFBPs and thereby bringing them under the reporting framework envisaged by PMLA. They are now required to register as REs with FIU-India for complying with AML/CFT/CPF norms and reporting obligations specified under PMLA. Subsequently, FIU-India issued detailed guidelines to VDA SPs providing a comprehensive and exhaustive coverage of issues ranging from registration with FIU-India to carrying out Enhanced Due Diligence (EDD) to implementation of Travel Rule. Further, a working group consisting of FIU-India officers, VDA SPs and representatives from other REs was constituted for recommending sector specific alert indicators. These alert indicators have since been issued in May 2023.

Compliance Proceedings

PMLA mandates the FIU-India to issue show cause notices to the REs which fail to fulfill the obligations. For instance, the violations can be related to failure of complete verification of clients, failure to maintain records, failure to file STRs, CTRs, and CBWTRs, etc. The show cause notices are thereafter adjudicated by Director, FIU-India after resorting to principles of natural justice and giving the RE a fair opportunity to be heard. Such compliance action may lead to the issuance of statutory warnings, specific directions and even imposition of monetary penalties depending upon the gravity of violations committed by the RE.

Compliance Action against Stock Brokers:

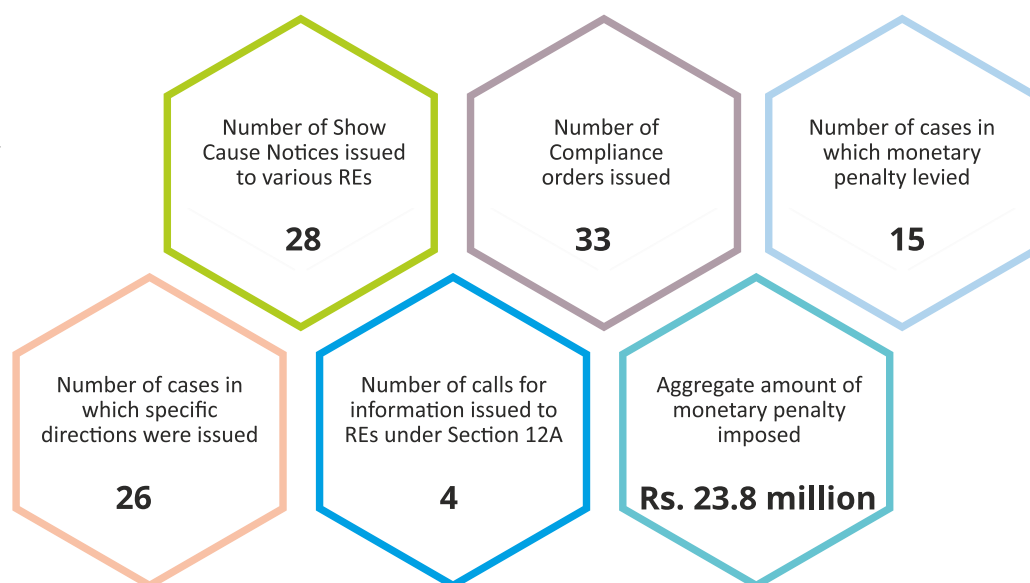
During the FY 2022-23, cognizance was taken of orders passed by the Capital Markets Regulator, SEBI where it was concluded that certain clients had engaged in fraudulent trading practices. It was observed that the Stock Brokers maintaining an account-based relationship with these clients had failed to generate and analyze alerts even after the Regulator's order. It appeared that the REs failed in meeting their reporting obligations. Such cases were taken up for

adjudication by Director, FIU-India. It was concluded that there was failure on the part of the REs and therefore, orders giving warnings and directing remedial actions along with imposition of monetary penalty were passed by Director, FIU-India in respect of these Reporting Entities.

Compliance Action against a Multinational commercial bank:

During the FY 2022-23, on the basis of action by a LEA, it was gathered that the multi-national commercial bank had apparently failed in establishing an effective mechanism regarding Client Due Diligence (CDD) process and appropriate alert closure mechanism in relation to certain bank accounts held in their bank by legal entities with foreign directors which were involved in cyber frauds targeting common public. Director, FIU-India initiated compliance action in respect of the bank and imposed a monetary penalty amounting to Rs. 20.675 Millions along with detailed remedial actions for mitigating the risks in future.

A brief summary of the compliance work undertaken by FIU-India during the FY 2022-23





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OUTREACH AND ENGAGEMENT

Outreach and Engagement with FIU-India Partners:

Strict, effective, and meaningful compliance with the obligations under the PMLA framework is critical to safeguard the Indian financial system from illicit financial flows, detect and deter criminal and terrorist use of financial channels, to prosecute criminal and terrorist activities, to prevent the laundering of 'proceeds of crime', and to protect the integrity of system constituents as a whole. Therefore, compliance with the obligations contained in the PMLA and PML Rules by reporting entities serves as a robust safeguard against the misuse or abuse of the nation's financial ecosystem. Conversely, the failure to implement the requisite safeguards diligently by even a single reporting entity can undermine the above system by creating a weak link which may be exploited by criminal, terrorist, or other malicious actors in ways that cause tangible harm to national and economic security and lead to system-wide risk and exposure for the financial sector.

Reserve banks serve as the first level of defense against any transgression of the financial ecosystem by malicious actors. It is then the constant endeavor of FIU-India to ensure that the reporting entities have a proper understanding of their AML/CFT obligations, deploy resources efficiently and effectively to identify vulnerabilities and gaps in the system, and take appropriate steps to contain and mitigate their ML/TF/PF risks.

This is achieved through an ongoing dialogue between the FIU-India and the reporting entities in the form of guidance, outreach activities, and communications. FIU-India also supports reporting entities

through giving oral as well as written guidance, holding workshops, seminars, and conferences in collaboration with their associations, professional bodies, market infrastructure institutions, and financial sector regulators in addition to face-to-face individual interactions with the Compliance teams of the REs.

Multi-pronged strategy of FIU-India envisages physical, hybrid, and virtual outreach programmes, onsite and offsite meetings, presentations, conferences, training as well as other forms of capacity building.

The FIU-India website (<https://fiuindia.gov.in>) is a user-friendly site containing information on AML/CFT issues, includes PMLA and its amendments, rules, and regulations, relevant circulars and instructions issued by Regulators and the reporting formats. FIU-India has also developed software utilities for the e-filing of reports in the FINnet portal for use by the smaller reporting entities that have limited IT infrastructure. These utilities are available for free download on the website. The training material prepared by FIU-India is made available to all reporting entities to conduct their own training seminars.

In FY 2022-23, FIU-India organized 115 trainings through physical, virtual and hybrid mode on AML/CFT awareness in collaboration with regulators, market infrastructure institutions, industry associations, professional bodies, and reporting entities, with the aim to develop robust understanding of the reporting obligations under PMLA and the expectations of FIU-India amongst all the stakeholders.

FIU-India holds review meetings with the Principal Officers and Designated Directors of reporting entities. Some of these meetings are in the nature of compliance reviews, where AML/KYC policies, and internal procedures of the reporting entities are reviewed and lapses if any, are communicated to the reporting entities. FIU-India held 27 review meetings in the year FY 2022-23.

Sector-specific meetings aid and assist FIU-India to evaluate the AML performance of individual reporting entities as compared with their peers, and to enable individual reporting entities to benchmark their performance. Common concerns and issues relating to reporting are also addressed.

Outreach exercises constitute onsite visits of FIU-India officers with reporting entities to address their AML teams, facilitating direct interaction with different echelons of the AML setup in reporting entities. They assist REs in understanding systemic deficiencies in their reporting observed by FIU-India and provide a channel for conveying strategies to address the said deficiencies.

FIU-India Initiative for Partnership in AML/CFT (FPAC)

The emergence of the Public-Private Partnership (PPP) paradigm in the AML/CFT domain has ushered in a gradual shift from the compliance-based, regulatory and tick-box-based approach toward a voluntary, information-sharing and collaboration-based approach, observed across multiple jurisdictions. In recognition of said shift, FPAC (FIU- India Initiative for Partnership in AML/CFT), a public private partnership (PPP)

framework, was launched in January, 2022, to facilitate collaboration between FIU-India and other stakeholders in the AML/CFT domain.

FIU-India is the convenor of the group, while the Reserve Bank of India (RBI) and 47 reporting entities have been included as permanent invitees. The reporting entities were chosen in a manner to accommodate the optimum geographical and sectoral spread.



Collaborative engagements under the auspices of FPAC have facilitated discussions on strategic and tactical intelligence sharing. FPAC has also provided a platform for knowledge sharing on emerging trends/technologies, deliberations on quality of financial intelligence filed, best practices and other incidental matters pertaining to collection, analysis and dissemination of actionable financial intelligence.

Apart from the quarterly meetings of the group, the charter of FPAC also provides for ad-hoc, issue-based interactions and working groups with special invitees, such as, law enforcement agencies, other sectoral regulators, academic institutions, consultancy firms, think tanks and software developers, with the aim to develop knowledge products such as joint research reports and best practice guides. In pursuance of the same, FPAC is in the process of further expansion of its

membership and constitution of working groups on emerging issues in AML/CFT and regulation.

It is believed that an effective national AML/CFT regime must look to facilitate optimum leveraging of public and private sector capabilities to accomplish its objectives. Further, collaboration with private sector assumes special importance in jurisdictions like India with vast sectoral diversity which is reflective of the socio-economic and political diversity in the country. In its capacity as the first and one-of-a-kind initiative, FPAC is expected to play a crucial role in assisting India to address said diversity through diversification of its AML/CFT strategy and build a collaborative ecosystem to aid in the effective implementation of AML/CFT objectives.

A hand is shown from the bottom left, holding a glowing, white-outlined house-shaped icon. Inside the house icon, there are three white icons of people in business attire. The background is a light blue gradient with a dark blue horizontal bar at the top and another dark blue horizontal bar at the bottom right.

CAPACITY BUILDING

The field of AML and CFT is extremely dynamic because perpetrators of financial crimes keep on evolving new methods and typologies continuously. Therefore, FIU-India strongly believes in capacity building of its human resources. It is ensured that all the officers are well versed and updated with various aspects of Indian financial system, sector specific laws, regulations and regulatory framework. FIU-India continues to engage with training institutions of repute both within the country and across the globe.

Training and exposure

FIU-India proactively and regularly focuses on enhancing the skills and knowledge base of its officers by providing them ample opportunities for training on AML/CFT and related economic and legal issues. At the same time, officers are regularly invited to participate in workshops on various aspects of money laundering, terrorism financing and other financial crimes.

Through these training opportunities and participation in workshops, within India and abroad, the officers get an insight into challenges involved in identifying the modes of emerging financial crimes, drug trafficking and financing of terrorism. They are also given an opportunity to develop and enrich skill sets on latest digital technologies including cyber security, forensics, virtual digital assets and data science. They are also given training for utilization of resources available on the databases maintained by other agencies such as MCA, NATGRID, CBDT, MEA as well as open-source intelligence.

The officers are also being provided with the avenues for coordination and enhanced cooperation with LEAs and IAs.

The officers of FIU-India attend international conferences organized by FATF, FSRBs and other international agencies, which provides an opportunity to understand ever-changing global landscape of AML/CFT and its challenges, latest technologies and perspectives into the initiatives of other FIUs and international agencies across the world. It provides a platform for relationship and rapport building crucial for trust, information sharing and coordination in matters having cross border implications. This also enhances the understanding of various nuances of FATF standards and how they help in combating money laundering financing of terrorism and proliferation financing.

Notable international training, workshops and meetings attended by FIU-India officers inter-alia includes meetings with officers posted in Customs Overseas Intelligence Network, Counter Terrorism Committee meeting of UNSC, Budapest Global Conference on AML-CTF Workshop for enhanced engagement between Customs Authorities and Financial Intelligence Units, 2nd Round review meeting on UN Convention against Corruption, Colombo Security Conclave Virtual Meeting, Indo-Maldives Joint Working Group on Counter Terrorism, Euronet FIU-India Meeting, Indo-Canada Joint Working Group on Counter Terrorism.

Significant domestic trainings attended by officers of FIU-India include intelligence course organized by Military Intelligence Training School, Pune, Investigation on bank

fraud and plastic card fraud cases, Investigation of organized crime committed on the digital platform by Central Detective Training Institute, Chandigarh, Course on "Terrorism Financing through Drug Trafficking" conducted by NIA, Domain specific training programme on "National Security / Internal Security & Forensic.

Samvaad Shrinkhala

It is an endeavor aimed at capacity building of FIU-India officers and keeping them updated with evolving new methods and typologies related to financial crimes through enriching intelligence and investigation experience sharing by experienced investigators and domain experts. It is aimed towards more meaningful and actionable intelligence

sharing with LEAs and to amplify the entire AML ecosystem's capacity and capability.

These sessions are generally organized at monthly intervals. The pool of speakers has been broadened to include experts from regulatory bodies, financial institutions, AML/CFT professionals, global and regional bodies.

This year FATF President and Egmont Chairperson have graced this initiative by addressing FIU-India officers.

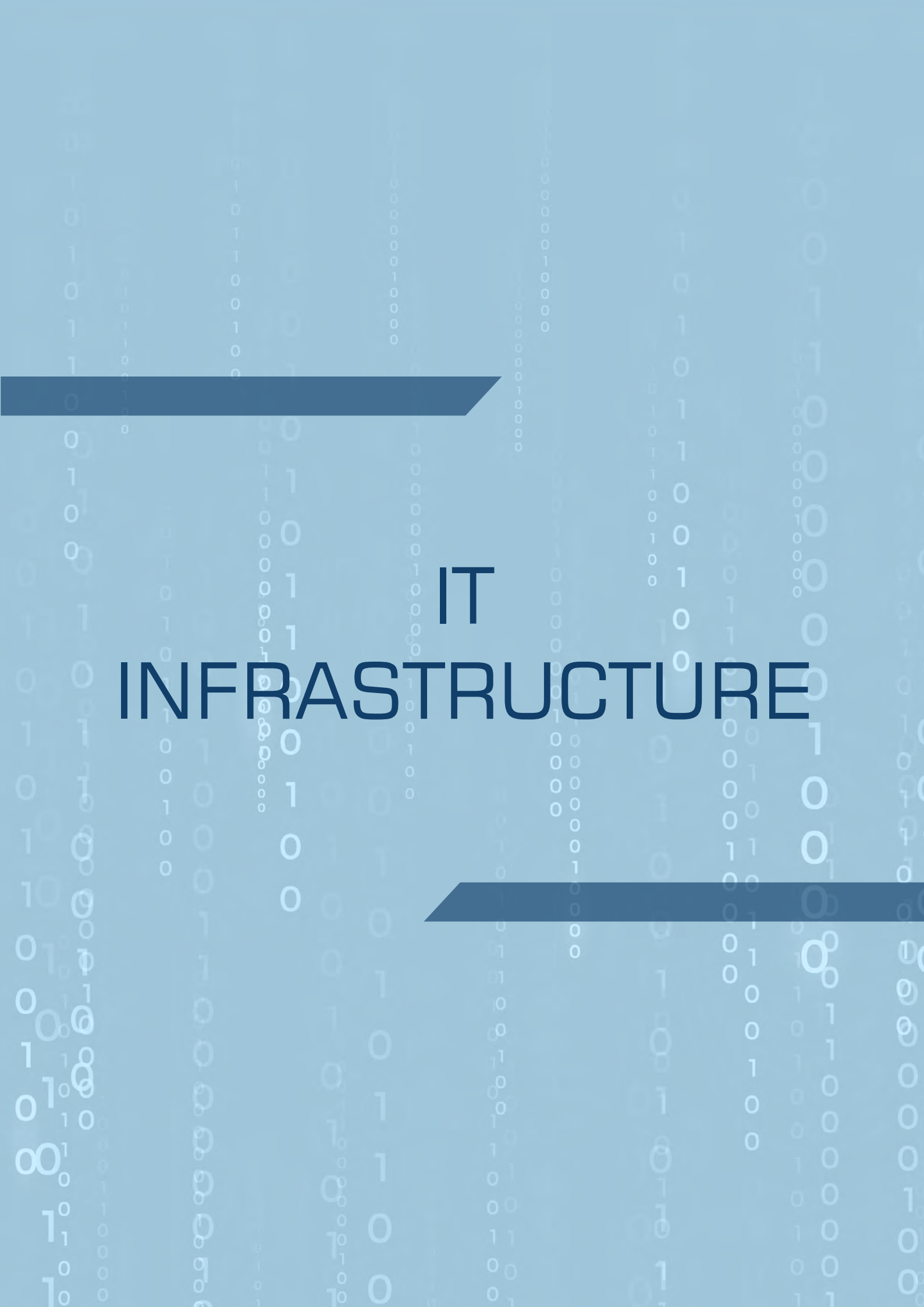




Address of FATF President Mr. T Raja Kumar to FIU-India officers



Address of Egmont Chairperson Ms Xolisile Khanyile to FIU-India officers



IT
INFRASTRUCTURE

Right from its inception, a vision for leveraging information technology has been at the core of the FIU-India. To start with, FIU-India initiated a project - Financial Intelligence Network (FINnet) and created the system FINnet 1.0 to support its functioning by providing a robust technological backbone. This was intended to achieve an efficient system of collection, processing and dissemination of financial intelligence. As a consequence, FINnet 1.0 has been an end-to-end IT solution as it provides a secure channel for two-way communication between FIU and REs through FINgate module and between FIU and LEAs through the FINex module. FINnet 1.0 served us well, but as expected, with passage of time a need for more capable system was felt. Volume of data has been increasing, regulatory environment has been changing and technological landscape has been evolving and this necessitated the need to keep ourselves abreast of the challenges. Hence, The FINnet 2.0 project was envisaged as an overhaul of the existing FINnet 1.0 system and now it is operational and deployed.

FINnet 2.0 system deploys the latest technologies and proposes the following capabilities:

- Advanced analytics by employing Artificial Intelligence and Machine Learning.
- A dedicated Strategic Analysis Lab (SAL) to stay abreast with the developments in AML and emerging technologies. The lab would work towards strengthening AML capabilities and shall be independent of

daily operations of the FINnet application.

- Use of APIs as connectors to external systems including option for REs to facilitate automated reporting of transactions through APIs. These APIs shall also be used to capture data from external data sources which may be used for data triangulation/ substantiation during analysis and dissemination of cases to LEAs.
- Use of case management tools for rule/workflow-based case handling.
- Use of network graphs, advanced analytics and machine learning platforms to gain key insights necessary to analyze cases and send them to LEAs.
- Use of Natural Language Processing (NLP) and text mining tools to analyze textual inputs like Grounds of Suspicion (GoS).
- Use of advanced ticketing tools, virtual assistant, IVR systems etc. to facilitate enhanced user support for LEAs, REs and FIU users
- Capacity building and upskilling of key stakeholders in the FINnet ecosystem including REs, LEAs and FIU officials, by setting up a dedicated training cell and deployment of a Learning Management System (LMS) and e-learning solution.
- Mobile applications to facilitate better response times and access to select information on the go
- Advanced security solutions to safeguard data.

Apart from collection, analysis and dissemination of various reports and STRs a need was felt for more data driven and focused approach to address systemic and wider risks. In response the setup of the Strategic Analysis Lab (SAL) was completed in September 2021, and since then it has completed more than 35 studies with several ongoing projects. The setup of Learning Management System and the training cell was completed in December 2021. There are multiple e-courses hosted on the LMS platform and regular online as well as offline sessions are conducted with the various stakeholders on FINnet 2.0 functionalities.

In order to tide over teething troubles as well as to provide enhanced user support Unified Communication Cell (UCC) was set-up on 11th November 2022. UCC has 10 team members providing helpdesk support to FINnet 2.0 system users. The UCC setup is equipped with two toll-free numbers – one for Reporting Entities (REs) and the other for Law Enforcement Agencies (LEAs), and one internal contact number for FIU-India officers. Virtual assistance is also present to support FINGate users with their queries and allows the user to connect through chat or calls with the UCC agents.

The FINnet 2.0 system consists of three sub-systems – FINGate (Information collection system), FINCore (the core analytics system) and FINex (Information dissemination system). These three sub-systems come together via an integrated web-based portal for FIU-India users. This user-interface consists of modules like Case Inspector Tool for analyzing cases, viewing requests and

compliance monitoring etc.

FINGate 2.0 provides different methods of information collection for any Reporting Entity. Depending on their size and technical capability, REs can opt for different methods using web filing or Desktop Utility and API. Separate reporting formats have been created to meet the requirements of different sectors/ REs. These formats include advanced validations to reduce bad data. At present, more than 35 reporting formats are live in the system.

After the collection of information, the information needs to be properly analyzed. This is achieved through second sub-system called FINCore. FINCore uses Artificial Intelligence/Machine Learning tools for Entity resolution, relationship resolution and text analytics to identify the Grounds of Suspicion (GoS) tags. Subsequently, it generates summaries and suggests LEA for dissemination of STR based on risk profile. In FINCore enrichment of data from external databases such as CBDDT, MCA, NPCI, CERSAI, CDSL, NSDL and Commercial Risk database is being done. This enrichment of data from different sources helps FINCore draw a more holistic picture of the Entity in question and helps in more effective resolution and identification of the Entity. A complete visualization of the cases created in FINCore is available on the integrated portal in form of the case inspector tool that includes the network diagrams, linked cases/ reports/ entities/ accounts etc. The system also provides the FIU-India users the ability to search on complete FINnet data and other external databases, using parametrized and NLP Search.

FINex system which is the dissemination system of FIU-India and the interface for Law Enforcement Agencies (LEA) allows the LEA users to view disseminated cases, request for addition information, create watchlists, provide feedback on cases and request for ad-hoc information.

Confidentiality, Data Security and Operational Independence of FIU-India

Dealing with such sensitive financial data, confidentiality and data security is at the core of our operations. In order to implement this objective FINnet 2.0 provides a secure channel for two-way communication between FIU and LEAs through the FINex module, and between FIU and the REs through the FINgate module. The system provides for privacy and integrity

of data and its dissemination to authenticated and authorized users. Various measures are put in place to ensure security of data, including strong, end-to-end encryption, automatic blocking of logins after a set number of unsuccessful login attempts, controlled access to content stored on the portal, logging of security incidents, Identity Management Solution capable of managing security rights and privileges by individuals.

ANNEXURE

List of MoUs Signed

Sr. No.	Name of Foreign FIU	Date of signing of the MOU
1	Mauritius	11-02-2008
2	Philippines	11-03-2008
3	Brazil	27-05-2008
4	Malaysia	21-10-2008
5	Russia	05-12-2008
6	Australia	26-05-2009
7	Canada	21-10-2009
8	USA	03-03-2010
9	Sri Lanka	26-03-2010
10	Georgia	26-04-2010
11	San Marino	30-06-2010
12	Bermuda	12-10-2010
13	Nigeria	12-10-2010
14	Japan	08-11-2010
15	Indonesia	25-01-2011
16	Israel	12-07-2011
17	Poland	12-07-2011
18	Singapore	24-10-2011
19	Nepal	17-11-2011
20	Thailand	30-05-2013
21	Guernsey	04-07-2013
22	Montenegro	04-07-2013
23	South Africa	04-07-2013

Continued...

List of MoUs Signed

Sr. No.	Name of Foreign FIU	Date of signing of the MOU
24	Ukraine	18-02-2014
25	Bangladesh	03-06-2014
26	Fiji	03-06-2014
27	Belarus	20-06-2014
28	Uzbekistan	20-06-2014
29	Senegal	10-06-2015
30	Saudi Arabia	03-04-2016
31	Togo	02-06-2016
32	Qatar	05-06-2016
33	Kazakhstan	11-11-2016
34	Tazikistan	17-12-2016
35	Bahrain	01-02-2017
36	Vatican City State	01-02-2017
37	Macedonia	13-07-2017
38	Myanmar	14-07-2017
39	Kyrgyz Republic	24-11-2017
40	Egypt	24-06-2018
41	United Arab Emirates	24-06-2018
42	Bhutan	19-07-2018
43	Cyprus	03-09-2018
44	Maldives	13-12-2019
45	Macao	18-03-2020
46	Cambodia	08-09-2020
47	Laos	11-06-2021
48	Turkmenistan	02-04-2022
49	Lesotho	24-03-2023

GLOSSARY

Abbreviation/ Acronym	Description	Abbreviation/ Acronym	Description
AML	Anti-Money Laundering	FATF	Financial Action Task Force
APG	Asia Pacific Group on Money Laundering	FCORD	FICN Co-ordination Group
API	Application Programming Interface	FEMA	Foreign Exchange Management Act
CBDT	Central Board of Direct Taxes	FFMC	Full Fledged Money Changer
CBI	Central Bureau of Investigation	FICN	Fake Indian Currency Note
CBIC	Central Board of Indirect Taxes & Customs	FINex	FINnet Exchange
CBWTR	Cross Border Wire Transfer Reports	FINnet	Financial Intelligence Network
CCR	Counterfeit Currency Report	FIU	Financial Intelligence Unit
CDD	Customer Due Diligence	FPAC	FIU-India Initiative for Partnership in AML-CFT
CDF	Currency Declaration Form	FSRB	FATF Style Regional Body
CDSL	Central Depository Services (India) Limited	FY	Financial Year
CEIB	Central Economic Intelligence Bureau	GoS	Ground of Suspicion
CERSAI	Central Registry of Securitisation Asset Reconstruction and Security Interest of India	GSTN	Goods & Services Tax Network
CFT	Combating Financing of Terrorism	IA	Intelligence Agencies
CNO	Central Nodal Officer	IB	Intelligence Bureau
CRA	Credit Rating Agencies	IBA	Indian Banks' Association
CTR	Cash Transaction Report	ICAI	Institute of Chartered Accountants of India
CVC	Central Vigilance Commission	ICMAI	Institute of Cost Accountants of India
DGGI	Directorate General of Goods & Services Tax Intelligence	ICSI	Institute of Company Secretaries of India
DNFBP	Designated Non-Financial Businesses and Professions	IEWG	Information Exchange Working Group
DRI	Directorate of Revenue Intelligence	IFSCA	International Financial Services Centers Authority
Dts	Debenture Trustees	IP	Internet Protocol
EAG	Eurasian Group	IRDAI	Insurance Regulatory and Development Authority of India
ED	Enforcement Directorate	IT	Information Technology
EIC	Economic Intelligence Council	IVR	Interactive Voice Response

GLOSSARY

Abbreviation/ Acronym	Description	Abbreviation/ Acronym	Description
JWG	Joint Working Group	OA	Operational Analysis
KYC	Know Your Client	OSINT	Open-Source Intelligence
LEA	Law Enforcement Agency	PA/PG	Payment Aggregator/ Payment Gateway
LMS	Learning Management Systems	PAN	Permanent Account Number
MAC	Multi Agency Centre	PEP	Politically Exposed Persons
MCA	Ministry of Corporate Affairs	PF	Proliferation Financing
MEA	Ministry of External Affairs	PFRDA	Pension Funds Regulatory and Development Authority
MHA	Ministry of Home Affairs	PMLA	Prevention of Money Laundering Act
MII	Market Infrastructure Institutions	PPP	Public Private Partnerships
ML	Money Laundering	RBI	Reserve Bank of India
MoU	Memorandum of Understanding	RE	Reporting Entities
MSCWG	Membership, Support & Compliance Working Group	REIC	Regional Economic Intelligence Committee
NABARD	National Bank for Agriculture and Rural Development	RFI	Red Flag Indicators
NATGRID	National Intelligence Grid	SAL	Strategic Analysis Lab
NBFC	Non-banking Financial Company	SEBI	Securities and Exchange Board of India
NCB	Narcotics Control Bureau	SFIO	Serious Fraud Investigation Office
NHB	National Housing Bank	STR	Suspicious Transaction Report
NIA	National Investigation Agency	TBML	Trade Based Money Laundering
NLP	Natural Language Processing	TF	Terrorist Financing
NPCI	National Payment Corporation of India	UCC	Unified Communication Cell
NRA	National Risk Assessment	UNSC	United Nations Security Council
NSDL	National Securities Depository Limited	VDA	Virtual Digital Asset
NTR	Non- Profit Organization Transaction Report	WMD	Weapons of Mass Destruction
NTRO	National Technical Research Organization		

Disclaimer: The information provided in the Annual Report FY 2022-23 is for general information purposes only. Though all efforts have been made to ensure the accuracy of the contents, the same should not be construed as a statement of law or used for any legal purposes or otherwise.

