



## **CIRCULAR**

F. No. 822/IFSCA/FATF-C/Legal/2022-23/02

12<sup>th</sup> October 2023

**To,**

**All the Regulated Entities in the International Financial Services Centre (IFSC)**

**Subject: Modifications under the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 for specifying additional AML/CFT/KYC measures and clarifications.**

- A. Reference is drawn to the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022 (hereinafter referred as ‘Guidelines’) issued vide notification IFSCA/2022-23/GN/GL001 dated October 28, 2022, by the International Financial Services Centres Authority (hereinafter referred as ‘Authority’).
- B. In the aforesaid Guidelines, the Authority hereby specifies the following modifications:
1. In clause 1.3.38 of the Guidelines, after the words ‘effective supervision.’ the following explanation shall be inserted:

*“Explanation: Physical presence means meaningful mind in the form of senior management located within an IFSC. The existence simply of a local agent or low-level staff does not constitute physical presence.”*
  2. After point (ii) of clause 5.4.9 of the Guidelines, the following point shall be inserted, namely:

*“(iii) in relation to life insurance policies, the Regulated Entity should be required to take reasonable measures to determine whether the*



*beneficiaries and/or, where required, the beneficial owner of the beneficiary, are PEPs. This should occur, at the latest, at the time of the payout. Where higher risks are identified, financial institutions should be required to inform Senior Management before the payout of the policy proceeds, to conduct enhanced scrutiny on the whole business relationship with the policyholder, and to consider making a Suspicious Transaction Report.”*

3. After sub-clause (b) of clause 5.6 of the Guidelines, the following sub-clause shall be inserted, namely:

*“(c) The Regulated Entities shall specifically apply enhanced due diligence measures, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF.”*

4. After clause 7.2 of the Guidelines, the following clause shall be inserted, namely:

*“7.2A. The Regulated Entity shall verify the information pertaining to its customer where there is a suspicion of ML/TF.”*

5. In sub clause (b) of clause 7.7.6 of the Guidelines, after the words ‘at least six years’ the words “or for such period as prescribed under the applicable laws” shall be omitted;

6. In sub-clause (b) of clause 10.4 of the Guidelines,

- (a) in point (iii) after the words ‘(to enable it to carry out its supervisory role);’ the words “or” shall be omitted.
- (b) in point (iv) after the words ‘with the court order’ the words ‘; or’ shall be inserted.
- (c) after point (iv), the following point shall be inserted namely:  
*“(v) disclosure or information sharing among entities in a Financial Group.”*

- C. All other provisions specified in the Guidelines and any circulars issued thereunder from time to time shall remain unchanged.



D. Copy of the circular is available on the IFSCA website at <https://ifsc.gov.in/Legal/Index/TCce8MyOmco=>

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