

NHB(ND)/DRS/**Pol.No.19**/2006  
November 27, 2006



राष्ट्रीय  
आवास बैंक  
NATIONAL  
HOUSING BANK

TO ALL REGISTERED HOUSING FINANCE COMPANIES

Dear Sir,

**SUGGESTIONS MADE BY THE PARTICIPANTS AT THE MEETING OF PRINCIPAL OFFICERS AT BANGALORE ON SEPTEMBER 15, 2006- CLARIFICATIONS**

As you are aware, a meeting of the Principal Officers of the HFCs had been arranged by NHB on September 15, 2006 at Bangalore, in the context of operationalisation of the system of reporting to the Financial Intelligence Unit-India (FIU-IND) in terms of the Prevention of Money Laundering Act, 2002 (PMLA).

2. The queries/suggestions made by the participants at the captioned meeting, during their interaction with the Director, FIU-IND were forwarded to the FIU-IND for clarification and advice. We have since received a reply from them and a copy of the same is enclosed for your information and guidance in the matter.

Yours faithfully

(R. Bhalla)


General Manager

Department of Regulation & Supervision

Encl:a/a

Issues raised in the meeting of the principal officers at Bangalore on 15<sup>th</sup> September, 2006

- Q1. Whether the preservation period is from the date of "closure" of account ?  
Ans. Yes (Refer rule 6 and 10 )
- Q2. Whether all customer identification documents are to be preserved ?  
Ans. Yes, ( Refer rule 10 ).
- Q3. Since volume of these documents prohibitive, whether the same can be maintained in scanned/ electronic form ?  
Ans. As per the present rule position, now hard copies of documents have also to be maintained. ( refer rule 10 )  
Matter will be referred to the government for consideration.
- Q4. Should there be exchange/sharing of data/information on customers, with other HFCs? In the context of customer confidentiality concerns, it was suggested that such sharing would not be appropriate among HFCs. However, sharing of such information with regulatory authorities such as FIU-IND would be in order.  
Ans. Only cash/suspicious transactions reports should be sent to FIU-IND as per the Rules. No further information need be sent to FIU-IND.
- Q5. As regards preservation period for documents relating to transactions, clarification was sought whether this applied to only reported cash/suspicious transactions.  
Ans. Yes ( Refer Rule 6 )
- Q6. Difficulty was expressed in verification of address and records of identity under Customer Identification Procedure (CIP), particularly where the permanent address is a remote area.  
Ans. This is a legal requirement as per rule 9.
- Q7. In the case of a long standing good account, if it is suddenly learnt from the media that the account holder has criminal/terrorist antecedents, whether the case ought to be reported to FIU-IND ?  
Ans. PMLA Rules require only STR/CTR to be filed. As such only if there is suspicious transaction undertaken, it need to be reported.
- Q8. Whether reporting should cover "relating parties" ?  
Ans. Yes.(Refer to Proforma for reporting suspicious transactions)
- Q9. Whether compliance with this is required to be ensured also by GSA/Agents of the HFCs?  
Ans. Legally HFCs are responsible for compliance under PMLA. HFCs should therefore, sensitise GSA/Agents about their responsibilities under PMLA.
- Q10. Is it necessary to send a 'Nil' report to FIU-IND when in a particular reporting period there is nothing to report?  
Ans. No.
- Q11. In case nothing is reported for a particular month and later something is discovered relating to the same period, should it also be reported?  
Ans. Report may be sent with reasons of delay.

  
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