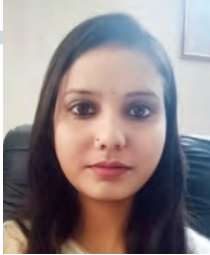


# Role of CS as Reporting Entities

The PMLA amendment rules have introduced a new clause, which defines “Politically Exposed Persons” (PEPs) as 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”.



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## INTRODUCTION

### PMLA: THE OLD AND THE NEW LEGISLATIONS

#### PML (Maintenance of Records) Amendment Rules, 2023

Earlier in March 2023, the Prevention of Money Laundering (Maintenance of Records) Amendment Rules, 2023 were introduced by the Department of Revenue under the Ministry of Finance. These rules widened the ambit of reporting entities under money laundering provisions to incorporate more disclosures for non-governmental organisations and defined politically exposed persons (PEPs) under the PMLA in line with the recommendations of the FATF.

The new rules require reporting entities like financial institutions, banking companies, or intermediaries to disclose beneficial owners in addition to the current KYC requirements through documents like registration certificates and PAN (Permanent Account Number).

#### Amendments to PMLA, 2002

##### i. Politically exposed person

The amendment rules have introduced a new clause, which defines “Politically Exposed Persons” (PEPs) as 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”.

##### ii. Beneficial ownership

In line with existing provisions of The Income-Tax Act, 1961 and The Companies Act, the amended rules have now lowered the threshold for identifying beneficial owners by reporting entities, where the client is acting on behalf of its beneficial owner. Earlier, definition of “beneficial owner” included, among other things, the ownership of or right to more than 25 percent of the company’s shares, capital, or profits. This threshold of 25 percent has been lowered to 10 percent, bringing more indirect players into the reporting net. The amendments require “reporting entities”- banks, other financial institutions, and businesses operating in the real estate and jewellery industries – to gather data on each person or organization that has a 10 percent ownership in their clients.

##### iii. Non-profit organization

The definition of “non-profit organization” has been expanded, which will now include any entity or organization constituted for religious or charitable purposes referred to in Section 2(15) of the Income-tax Act, 1961; or registered as a trust or a society under the Societies Registration Act, 1860 or any similar state legislation; or a company registered under Section 8 of the Companies Act, 2013.

If the client is a non-profit organization, reporting entities must also register the client’s information on the NITI Aayog’s DARPAN portal.

##### iv. Due diligence and documentation

The necessary due diligence documentation has now expanded beyond just getting the fundamental KYCs of clients, such as registration certificates, PAN copies, and documents of officers with the authority to act on their behalf. Depending on the legal structure of the firm, it now also involves the submission of information,

such as the names of those in top management positions, partners, beneficiaries, trustees, settlors, and writers. Moreover, clients must now provide information about their registered office and primary place of business to financial institutions, banks, or intermediaries.

v. **Crypto currency and virtual digital assets (VDAs)**

The new rules have brought crypto currency and VDAs under the ambit of Anti-Money Laundering law (AML). As per new rules, an entity dealing in VDAs will now be considered a 'reporting entity' under the PMLA. The amendment will require intermediaries in the crypto ecosystem, such as crypto exchanges, wallets, and other service providers, to establish and implement PMLA measures and systems. These measures include conducting KYC checks during customer onboarding, retaining customer data for a specified period, monitoring and reporting suspicious transactions, and having policies for tracking transactions.

The transactions related to crypto currency and VDAs which are covered by the PMLA now include:

- i. Converting virtual digital assets into fiat currencies and vice versa.
- ii. Exchanging one or more forms of virtual digital assets.
- iii. Transferring virtual digital assets.
- iv. Securely storing or managing virtual digital assets.
- v. Providing financial services related to the sale of virtual digital assets by an issuer. (India Briefing).

## WMD ACT: DECODING EXPECTATIONS OF FIU-INDIA

Ministry of Finance has issued an order dated January 30, 2023, detailing the procedure for implementation of Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 ("WMD Act").

The WMD Act seeks to prohibit unlawful manufacture, transport, or transfer of WMD (chemical, biological and nuclear weapons) and their means of delivery. Under the amendments of 2022, the scope of the WMD Act has been enhanced to include the financing of such banned activity. Pursuant to the order dated January 30, 2023, SEBI has issued a circular dated April 26, 2023, providing directions to Stock Exchanges and SEBI registered Intermediaries. Over and above the anti-money laundering provisions all SEBI-registered Intermediaries have to comply with the following regulatory requirements:

- i. Effective date: the norms prescribed by SEBI are effective immediately from the date of the circular i.e. April 26, 2023.

- ii. Maintain a list of designated individuals: All Intermediaries must maintain a list of designated individuals as notified by the Ministry of External Affairs. The said list shall be made available on the FIU India portal and by SEBI.
- iii. Verify the existing list of clients: Verify the existing database of clients vis-a-vis the designated list and immediately report to FIU IND without delay.
- iv. Run periodical checks on the clients: Upon onboarding and on periodical basis review the existing list of clients and any match has to be reported to FIU IND and SEBI. STR is to be filed if there are transactions undertaken by such clients.
- v. Restrictions to undertake financial transactions for such clients: Unlike AML which prevents tipping off, under WMD the Intermediaries shall prevent such individual/entity from conducting financial transactions, without delay, in case there are reasons to believe beyond doubt that funds or assets held by a client would fall under the purview of WMD Act.

WMD order also provides for process in case of exemptions upon block/freezing of assets and inadvertent freezing of assets.

SEBI-registered intermediaries must immediately set up a process and framework to comply with the norms of WMD Act. (LinkedIn)

## AML AND CFT GUIDELINES: THE COMPLIANCE EXPECTED

The present document shall be referred to as the AML & CFT Guidelines (hereinafter called "The Guidelines") in respect of financial transactions carried out by relevant persons, such as, individuals who obtained certificate of practice under section 6 of the Chartered Accountants Act, 1949, under section 6 of the Company Secretaries Act, 1980 and under section 6 of the Cost and Works Accountants Act, 1959, as notified by the Central Government, vide notification F.No. P-12011/12/2022-ES Cell-DOR, dated May 03, 2023 (hereinafter referred to as 'the notification'). For the purpose of the present guidelines, money laundering has the same meaning as in Section 3 of Prevention of Money-Laundering Act, 2002 ('PMLA'). PMLA lays down record-keeping and reporting obligations for financial institutions and persons carrying on designated business or profession, with the latter defined in sub-clause (vi) of clause (sa) of Sub-Section (1) of Section 2, which states that 'person carrying on designated business or profession', includes persons carrying on such other activities as the Central Government may, by notification, so designate from time-to-time. In exercise of said powers, the Central Government, vide notification F.No.P-12011/12/2022-ES Cell-DOR dated May 03, 2023, notified certain financial transactions carried out by relevant persons, such as,

individuals who obtained certificate of practice under Section 6 of the Chartered Accountants Act, 1949, under Section 6 of the Company Secretaries Act, 1980 and under Section 6 of the Cost and Works Accountants Act, 1959. The Central Government vide notification F.No. P-12011/12/2022-ES Cell-DOR dated May 03, 2023, has notified the financial transactions carried out by a relevant person on behalf of his client, in the course of his or her profession, in relation to the activities listed below, as an activity for the purposes of sub-clause (vi) of clause (sa) of sub-Section (1) of Section 2 of the Prevention of Money-laundering Act, 2002 (15 of 2003)

- i. buying and selling of any immovable property;
- ii. managing of client money, securities or other assets;
- iii. management of bank, savings or securities accounts;
- iv. organisation of contributions for the creation, operation or management of companies;
- v. creation, operation or management of companies, limited liability partnerships or trusts, and buying and selling of business entities.

**Explanation 1:**–For the purposes of this notification ‘relevant person’ includes –

- i. An individual who obtained a certificate of practice under Section 6 of the Chartered Accountants Act, 1949 (38 of 1949) and practicing individually or through a firm, in whatever manner it has been constituted;
- ii. An individual who obtained a certificate of practice under Section 6 of the Company Secretaries Act, 1980 (56 of 1980) and practicing individually or through a firm, in whatever manner it has been constituted;
- iii. An individual who has obtained a certificate of practice under Section 6 of the Cost and Works Accountants Act, 1959 (23 of 1959) and practicing individually or through a firm, in whatever manner it has been constituted.

## CS AS REPORTING ENTITIES: ROLES AND RESPONSIBILITIES

India, as a member of the Financial Action Task Force (“FATF”), is actively participating in developing and promoting policies against money laundering, terrorist financing, and the financing of weapons of mass destruction. In line with FATF’s objectives, member countries review each other’s anti-money laundering legislations. India is actively prioritizing compliance with FATF Recommendations as its upcoming mutual evaluation is tentatively scheduled for the end of this year. Particularly, Recommendation 22 urges member countries to include lawyers, notaries, independent legal professionals, and accountants involved in the activities mentioned below in Notification dated May 3, 2023 as “Reporting Entities”. Recommendation 22[1] also addresses the treatment of trusts and company service providers as reporting entities. The Prevention of Money-

Laundering Act, 2002 (PMLA) aims to prevent money laundering and enable the confiscation of property associated with such activities. Under PMLA “Reporting Entities” are required to verify client and beneficial owner identities, maintain transaction records, and implement enhanced due diligence for specific transactions.

### A. First Notification:

The Ministry of Finance (“MoF”) issued a notification vide no. S.O. 2036(E) dated May 3, 2023 that made changes to the relevant Sections of the PMLA. As a result, practicing Chartered Accountants (CA), Company Secretaries (CS), and Cost and Work Accountants (CWA), who carry out financial transactions on behalf of their clients, are now required to undergo the Know Your Client (KYC) process before commencing any work on behalf of their clients. They are now considered as “reporting entities” under PMLA and, inter alia, are obligated to report the specified financial transactions undertaken during the course of their professional activities carried out on behalf of their clients, to the Financial Intelligence Unit – India (FIU-IND). The intention behind these measures is to hold these professionals accountable for any dubious transactions conducted on behalf of their client. Below financial activities carried out by practicing professionals such as CA, CS and CWA in India are covered by the PMLA:

- i. Buying and selling any immovable property.
- ii. Managing client money, securities, or other assets.
- iii. Management of bank, savings, or securities accounts.
- iv. Organization of contributions for the creation, operation, or management of companies.
- v. Creation, operation, or management of companies, limited liability partnerships or trusts, and buying and selling of business entities.

However, the Ministry has not yet issued any further notification, guidelines etc in this regard. The Government, in collaboration with the Indian institutes for Chartered Accountants, Company Secretaries and Cost Accountants should undertake training sessions for professionals and should refer to practices in other jurisdictions to provide guidance for these practicing professionals on the way forward.

### B. Second Notification:

Within a week of issuing the first notification, MoF issued another Notification dated May 9, 2023 and further broadened the scope of the PMLA wherein Directors, nominee shareholders, formation agent of Companies/ LLPs are brought under the purview of PMLA.

Below activities when carried out in the course of business on behalf of or for another person are covered by the PMLA:

- i. acting as a formation agent of companies and limited liability partnerships;
- ii. acting as (or arranging for another person to act as) a Director or Secretary of a company, a partner of a firm or a similar position in relation to other companies and limited liability partnerships;
- iii. providing a registered office, business address or accommodation, correspondence or administrative address for a company or a limited liability partnership or a trust;
- iv. acting as (or arranging for another person to act as) a trustee of an express trust or performing the equivalent function for another type of trust; and
- v. acting as (or arranging for another person to act as) a nominee shareholder for another person.

The said notification also excludes from its ambit certain activities carried out by;

- i. CA, CS or CWA, who is engaged in formation of a company to the extent of certifying forms as required under the Companies, Act 2013;
- ii. any activity that is carried out by an employee on behalf of its employer in the course of his employment or any activity;
- iii. any activity carried out under a lease or tenancy agreement where the consideration is subject to a deduction of income tax; and
- iv. any activity of a person which falls within the meaning of intermediary under the PMLA. As a result, a wide range of consultants has now been brought under the purview of the PMLA and are now subject to the stringent compliance requirements. The requirements include, inter alia, require enhanced client due diligence, transaction reporting, and maintenance of detailed records, which needs to be reported to FIU. However, the Ministry should clarify the meaning of certain contentious terms such as “formation agent” or “arranging for another person to act as”. Additionally, it is important to establish some threshold value of the financial transactions for reporting to FIU to ensure that small consultants are not burdened with disproportionate compliance requirements.

### C. Third Notification (Latest Notification):

The MoF has now issued third notification vide no. F.NO.9-41/2022-23/Intermediaries/ TCSP/FIU-IND. dated July 17, 2023 to all professionals offering services related to the incorporation of entities and trusts, as well as providing services such as registered office facilities, resident directors, or nominee shareholders. These professionals are collectively referred to as “Trust and Company Service Providers” or “TCSP”.

The Prevention of Money-Laundering Act, 2002 (PMLA) aims to prevent money laundering and enable the confiscation of property associated with such activities. Under PMLA “Reporting Entities” are required to verify client and beneficial owner identities, maintain transaction records, and implement enhanced due diligence for specific transactions.

TCSP have been covered within the definition of ‘Reporting Entity’ under PMLA framework by the virtue of notification issued earlier on May 9, 2023. The current notification clarifies that TCSPs have to strictly comply with the obligations under the PMLA and rules framed thereunder including registration with FIU-IND in Finnet 2.0 portal <https://fiuindia.gov.in/files/misc/finnet2.html>.

It further mandates such Reporting Entities to appoint Principal Officer and Designated Director, formulate risk management policies, perform customer due diligence, record keeping, training of employees and implementation of internal mechanism to detect and report suspicious transactions to FIU-IND. All reporting entities are subject to various compliance obligations under the PMLA and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. The key roles and responsibility of a “reporting entity” is summarized below:

- i. **Registration with FIU-IND** – It is to be noted that registration with FIU-IND is a pre-requisite for a reporting entity to become compliant with the reporting obligations under PMLA. The same must be complied with immediately.
- ii. **Verification of Identity**- Every reporting entity shall implement a know-your-client/ customer (KYC) procedure to verify the identity of its ‘clients’ and the ‘beneficial owner’. The reporting entity is required to file an electronic copy of the KYC records with a Central KYC Records Registry (established under the PMLA) within 10 days of the commencement of the account-based relationship.
- iii. **Enhanced Due Diligence** - In case of certain specified transactions i.e., where the cash deposit or withdrawal, transaction in foreign exchange, high value import or remittance, exceeds the specified limit or where there is a high risk of money laundering or terrorist financing, the reporting entity is required to carry out enhanced due diligence prior to the commencement of each such specified transaction, without which such transaction must not be permitted to be carried out.

- iv. **Maintenance of Record** - A reporting entity is required to maintain a record of certain transactions for at least 5 years from the date of each such transaction, along with all necessary related information to permit the reconstruction of individual transactions. It is also required to maintain a record of documents evidencing the identity of its clients and beneficial owners as well as account files and business correspondence relating to the clients for a period of 5 years after the business relationship between a client and the reporting entity has ended.
- v. **Access to information** - Every reporting entity is responsible for communicating the name, designation, and address of a designated Director from its Board and the Principal Officer (an officer appointed by the reporting entity) to the authorized officer of the government (“Authorised Officer”). The Principal Officer has the obligation to provide specific information to the Authorised Officer. Additionally, each reporting entity must establish an internal mechanism to detect the transactions mentioned above and to provide information regarding such transactions.
- vi. **Our Observations-** The purpose of these notifications is to prevent professionals from unintentionally or knowingly facilitating suspicious financial transactions. It is noteworthy that the actions associated with establishing shell companies using proxies have also been included within the scope of the PMLA. The third notification offers some clarification regarding TCSPs and emphasizes the necessity for them to fully adhere to the obligations outlined in the PMLA and the rules established under it. This includes the requirement for TCSPs to register with FIU-IND. In our perspective, it is essential for all practicing professionals, to exercise heightened caution when performing client KYC and due diligence. In line with global initiatives aimed at mitigating the risks associated with money laundering and terrorist financing activities, several jurisdictions now mandate that these professionals take reasonable steps to identify and authenticate a client’s identity before commencing work on a matter. They are also required to gather evidence regarding the nature and purpose of business relationships involved in specific types of cases. Furthermore, it is anticipated that the Ministry will issue additional notifications, FAQs, guidelines, and other relevant materials including FAQs and guidance notes on AML/ KYC Standards for its members to ensure the effective implementation of the reporting and compliance requirements under the PMLA. However, it is also expected of the Ministry that it does work along with other professional bodies to frame the relevant guidelines, who have reporting obligations pursuant to these regulations and nature of business to ensure that

the larger purpose behind this regulation doesn’t get lost in the professional outcry on account of any ambiguity on professional liability while carrying out any such activities.(Law street India)

## DUE DILIGENCE AND INTERNAL CONTROL MECHANISMS: LINCHPINS OF PMLA

Prior to an acquisition, investment, business partnership, or bank loan, due diligence is a process of study and analysis that is started to determine the value of the topic of whether there are any substantial issues related to the diligence or the results of these investigations are then compiled in a report known as the due diligence report.

### Introduction

Analysing numerous factors to determine an entity’s commercial potential is known as due diligence. Evaluating the entity’s overall financial sustainability in terms of its assets and liabilities examining the entity’s operations and confirming the relevant facts in relation to a proposed transaction. The term “due diligence” refers to a thorough assessment of a company’s financial management system. It comprises a thorough examination of the organization’s internal control system, financial reports, and document flow. The evaluation also contains management reporting data, which deals with handling data on the company’s assets and liabilities, expense structure, and earnings from main operations, among other things.

### Transaction Covered Under Due Diligence

#### A. Mergers and acquisitions

Due diligence is performed from both the buyer’s and the seller’s perspectives. The seller focuses on the buyer’s past, the financial capacity to consummate the purchase, and the capacity to uphold obligations made, whereas the buyer investigates the financials, lawsuits, patents, and a wide range of other important information.

#### B. Partnership

Strategic partnerships, business coalitions, and other types of collaborations are subject to due diligence.

#### C. Collaborations and joint ventures

The reputation of the combined company is an issue when two businesses join forces. It is crucial to comprehend the other company’s position and assess whether its resources are adequate.

#### D. Common Offer

Decisions about public issues, disclosures in a prospectus, post-issue compliance, and similar problems are involved during the making of a public offer. Normally, these would demand careful consideration.

## E. Need For Due Diligence Report

The saying “discovering skeletons in the closet before the deal is preferable than discovering them later” is appropriate when it comes to due diligence. The information obtained throughout this process must be made public because it is crucial for decision-making. The due diligence report describes the company’s revenue-growth strategy (monetary as well as non-monetary). It serves as a convenient reference for quickly understanding the circumstances at the time of buying, selling, etc. The ultimate objective is to gain a comprehensive understanding of how the company will operate in the future. The due diligence report details how the company plans to boost revenues (monetary as well as non-monetary). It acts as a quick reference for realizing the situation at the moment of buying, selling, etc. Getting a clear image of how the business will function in the future is the ultimate goal. Financial due diligence can help resolve issues that might arise later on during the purchase in advance. When both sides are aware of one another’s financial situations, an informed decision or negotiation can be made. The use of deliverables can be flexible thanks to financial due diligence. A third party’s objective opinion promotes more confidence between the parties. It is possible to predict the entity’s prospective future position, which will be a key deal-maker or deal-breaker for both entities.

Preparing the Due Diligence Report. The three W’s must be taken into consideration when writing the due diligence report. Which are:

**To whom are you trying to reach?**

**What do you hope to achieve?**

**What factors will be crucial in making decisions?**

To keep the report concise, unnecessary details should be omitted.

### Concentration Areas for a Due Diligence Report

- a. **Feasibility:** A detailed examination of the target company’s business and financial plans can be used to determine the viability of the endeavour.
- b. **Financial Aspect:** Important financial information and ratio analysis are required to fully comprehend the situation.
- c. **Environment:** No company runs in a vacuum. Consequently, it is essential to consider the macro environment and how it will affect the target organization.
- d. **Personnel:** The competence and reputation of the individuals running the organization are crucial considerations.
- e. **Existing and Future Liabilities:** It is important to consider any ongoing legal proceedings and regulatory concerns.



- f. **Technology:** The evaluation of the technology available to the organization is a crucial issue to take into account. A required evaluation is one that helps determine future courses of action.
- g. **Effect of synergy:** The ability to create synergy between the target company and the current company is a decision-making tool.

### Due Diligence Methods

- a. **Business Due Diligence:** Business due diligence entails investigating the parties to the transaction, the business’s potential, and the investment’s quality.
- b. **Legal Due Diligence:** This process primarily focuses on a transaction’s legal elements, potential legal problems, and other legal-related issues. It encompasses both intra-corporate transactions and transactions between corporations. This diligence includes the currently existing documentation as well as several regulatory checklists.
- c. **Financial Due Diligence:** This involves validating the financial, operational, and commercial presumptions. The acquiring corporation can now breathe a sigh of relief after learning this. Here, a thorough review of accounting principles, audit procedures, tax compliance, and internal controls is conducted.

Business due diligence entails investigating the parties to the transaction, the business’s potential, and the investment’s quality. This process primarily focuses on a transaction’s legal elements, potential legal problems, and other legal-related issues. It encompasses both intra-corporate transactions and transactions between corporations. This diligence includes the currently existing documentation as well as several regulatory checklists.

This involves validating the financial, operational, and commercial presumptions. The acquiring corporation can now breathe a sigh of relief after learning this. Here, a thorough review of accounting principles, audit procedures, tax compliance, and internal controls is conducted.

## Customer Due Diligence under PMLA (Prevention of Money Laundering Act)

Customer due diligence (CDD) is of utmost significance with respect to Anti-Money Laundering (AML) and Know Your Customer (KYC) initiatives. CDD is the act of performing background checks and other screening on the customer. It is to ensure that customers are properly risk-assessed before being on boarded. Banks apply CDD to approve loan amounts for businesses, and individuals. The process is usually conducted to determine aspects ranging from their loan repayment ability, and creditworthiness, to fraud detection and involvement in unfair activities such as money laundering. Banks rely on providers of top due diligence services for CDD.

## Due Diligence in Mergers and Acquisitions Transactions

General perspective that the Buyer needs to make an informed decision on the Seller is not applicable in Mergers and Acquisitions Transactions. Due diligence has value for both parties in a M&A scenario. Like the Buyer and seller also determine if entering into the scheme would be beneficial financially and from a reputation perspective. The Buyer like in general transactions needs to be aware of the risks involved to reduce them to the level of appetite, and achieve accuracy in the valuation of the target company, which helps determine in closure or avoidance of the deal and also in negotiating better. Depending on the depth of the situation almost all types of due diligence such as Financial Due Diligence, Tax Due Diligence, and Legal Due Diligence form part of Acquisition Due Diligence.

## Discrepancies in Due Diligence

The acquiring company receives a cursory awareness of the target company thanks to due diligence. As a result, businesses might not always be successful.

The employees, competencies, and work culture—all crucial to a seamless operation—remain a mystery to the purchasing firm.

You should receive the level of certainty you require regarding the potential investment and any associated risks from the due diligence report. The report needs to be able to give the acquiring firm enough information to prevent the signing of any onerous contracts that might compromise the current return on investment.

## PMLA AND WMD ACT: ROLE OF PRACTISING PROFESSIONAL

Sub-Section 2(1)(sa)(vi) authorises the Central Government to designate by notification when certain other activities performed for or on behalf of another natural or legal person will come under the ambit of money laundering. Under this provision, on 3<sup>rd</sup> May 2023, notification number S.O. 2036(E) has been issued

by the Ministry of Finance, Department of Revenue, and Government of India. As per this notification, the below-mentioned financial transactions carried out by a 'relevant person' on behalf of their client shall be considered as an activity relating to money laundering. The term 'relevant person' has been defined in the explanation to mean a Practising Company Secretaries (CS), a Practising Chartered Accountants (CA) and a Practising Cost Accountants (CMA).

The following financial transactions have been identified in the notification:

- a. Buying and selling of any immovable property;
- b. Managing of client money, securities or other assets;
- c. Management of bank, savings or securities accounts;
- d. Organisation of contributions for the creation, operation or management of companies;
- e. Creation, operation or management of companies, limited liability partnerships or trusts, and buying and selling of business entities.

Hence, going forward practising CSs, CAs and CMAs will be covered under the scanner as and when they execute any financial transactions on behalf of a client. Members belonging to all the three professions are on thin ice now. Their vigilance, carefulness, due-diligence and strict professionalism will be tested more rigorously from now on.

## CONCLUSION

The new notification under PMLA is a bold step of the government towards speeding up its battle against anti-money laundering activities. The new provisions are expected to help probing against dubious transactions by shell companies involved in money laundering. But by providing an inclusive definition of 'relevant person' to include these three professions only, the government has clearly shown its intent of keeping practising advocates or any other person out of the net, although they might also be in the position to do any of the financial transactions identified in the notification as connected to money laundering, on behalf of the client. However, the more optimistic thinking on the part of these professionals would be to consider this move as a reassurance of the reliance the government has always had on these three professions, this time in its battle against money laundering. Reporting authorities are mediums in the hands of the government for gaining information about dubious transactions. So, CS, CA and CMAs are now expressly clothed with the responsibility of being whistle blowers in case they come across any such transactions. If they are not careful enough, they will be hauled up for being partners in the crime of money laundering by their clients. If professionals have been handling the money of the client for financial transactions on their behalf whether in India or abroad, now it is a better idea for them to stay away from doing so.

