

**F. No. 9-46/2023/DOMC/FIU-IND
Government of India
Ministry of Finance
Department of Revenue
Financial Intelligence Unit-India**

6th Floor, Tower-2
Jeevan Bharati Building, Connaught Place,
New Delhi- 110001

Dated: 03rd July, 2023

To,

The Designated Director & Principal officers of dealers in Precious Metal and Precious Stones

Subject: Guidance for detecting suspicious transactions under rule 7(3) of Prevention of Money Laundering (Maintenance of Records) Rules, 2005-reg

With a view to prescribe the Red Flag Indicators (hereinafter referred to as 'RFIs') and lay down guidelines which may help the dealers in precious stones and precious metals in identifying suspicious transactions, FIU-IND is of the view that certain red flags should be implemented by the concerned Reporting Entities (REs) for generation of alerts and identification of suspicious transactions.

2. Sub-rule (3) of Rule 7 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005, as amended, empowers Director, FIU-IND to issue guidelines for detecting suspicious transactions. These guidelines are being issued under the said Rule.

3. The RFIs which are proposed to be implemented are mentioned in **Annexure-1** of the Guidance for detecting suspicious transactions by dealers in precious stones and precious metals, which is enclosed herewith.

4. The alerts generated by using the RFIs as given in the guidelines should be properly analysed with a view to identify suspicious transactions as defined under the PML Rules, and if RE comes to the conclusion that case appears to be a suspicious transaction, then the case may be brought to the notice of FIU-IND by filing Suspicious Transaction Reports (STRs) following the prescribed procedure in this regard.

5. These are common minimum alerts and parameters for generation of alerts. Therefore, the dealers in precious stones and precious metals are advised to develop additional parameters for generation of alerts in order to appropriately address AML/CFT risks.

6. It should be noted that the analysis process within the AML/CFT organizational setup within the RE should be carried out in a manner that it should not lead to tipping-off. In this regard, REs are cautioned that the requirement of confidentiality regarding reporting of transactions to FIU-IND



extends not only to the customers concerned but also to other REs care must be taken to ensure that the fact of whether an STR has been filed in relation to a specific transaction or alert is not directly or indirectly disclosed. Any deviation in this regard will be viewed strictly.

7. All the Designated Directors and Principal Officers of the REs concerned are requested to implement the guidelines with immediate effect and ensure their compliance.

8. Further, penalties for non-compliance with obligation under Chapter IV of PMLA (including obligations to report STRs and to have in place an effective mechanism to detect and report STRs) may range up to Rs. 1 Lakh per non-compliance.

Warning: This document is confidential and is intended for use of Designated Director, Principal Officer and the AML/CFT teams only. Any circulation of this document to any other person is strictly prohibited. The REs are advised to ensure strict confidentiality of this document.

Yours faithfully,


(Vivek Aggarwal)
Director, FIU-IND

Enclosure: Guidance for detecting STRs by dealers in precious stones and precious metals along with Indicative Red Flag Indicators (RFIs)

Copy to:

1. **Shri Amandeep Singh, Additional Director General, Directorate General of Audit, Indirect Taxes & Customs, C.R. Building, I. P. Estate, New Delhi – 110109**
2. **Associations/ Councils of Precious Metals and Precious Stones** for further circulation to their members.


(Vivek Aggarwal)
Director, FIU-IND



