

This FAQ is facilitated for better understanding on the recent PMLA amendments especially relating to UBO and NPO requirements. This is indicative and not exhaustive.

FAQs on PMLA amendments on UBO and NPO requirements

Ref: A Gazette notification by Ministry of Finance (Department of Revenue) dated March 07, 2023 was published to amend the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. The rules will be referred to as Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2023

Version 1.0



Contents

1. What is the new definition of NPO (Non-Profit Organization)?	2
2. Registration of NPOs in DARPAN portal of NITI Aayog?	2
3. What is the impact of the above changes?	2
4. What are the changes to UBO (Ultimate Beneficiary Owner) requirements?	2
5. What actions are required from the non-individual investors for revised UBO requirements?	3
6. Is the revised UBO declaration required even if there is no change in UBO information?	3
7. Whether Companies / Trusts / Societies should submit both revised UBO and NPO declaration in the prescribed format?	3
8. What types of transaction are impacted and what is the effective date?	4
9. Are these declaration(s) required at Fund level?	4
10. Apart from UBO controlling interest, are there any other changes in UBO requirements?	4
11. If no UBO falling above the applicable threshold %, what information needs to be provided?	4
12. If UBO/SMO is Foreign National and PAN is not applicable/available for the person. falling above the applicable threshold %, what information needs to be provided?	4
13. Whether UBO or SMO information should be provided for Listed Company?	4
14. What is the TAT for UBO / NPO declaration?	4
15. We have submitted UBO / NPO declaration to MF/RTA on T day. Can I open a new folio in another fund (serviced by the same RTA) on the next day?	5
16. Is UBO/SMO PAN KYC status On-Hold, what will be the impact?	5
17. Is UBO/SMO PAN under SEBI Debarment or PAN being under lock based on the notice from Law Enforcement Agency(ies), what will be the impact?	5
18. Assuming there is an Ultimate Beneficiary whose PAN is debarred for some issue in Company A who is also one of the Ultimate beneficiaries in one another entity say Company B. Does it mean that unless the debarment is lifted for the Ultimate beneficiary's PAN Company B will not be able to transact?	5

1. What is the new definition of NPO (Non-Profit Organization)?

As per Rule (2), sub-rule (1) Clause (cf) currently exists - "non-profit organization" means any entity or organization 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 section 8 of the Companies Act, 2013 (18 of 2013).

As per the new amendment, the above definition has been modified as “Non-profit organization” means any entity or organization, 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);”

2. Registration of NPOs in DARPAN portal of NITI Aayog?

All NPOs should register themselves in DARPAN portal of NITI Aayog <https://ngodarpan.gov.in/>. Currently the facility is available only for NPOs for self-registration and hence eligible NPOs shall register themselves in the portal and provide the registration number. In case of any non-registration, MFs/RTAs may register if such provision is enabled. Non-registration and submission of NPO registration number to MF/RTA might result in transaction restrictions.

3. What is the impact of the above changes?

Currently no specific declaration is provided by the concerned NPOs as NPO. Based on specified parameters, reporting is made to the respective authorities as per the requirements. To ensure reporting on NPOs and their information, MFs/RTAs need a specific declaration from the applicable NPOs along with the confirmation of their registration with DARPAN portal and its registration details. Currently portal has the option of self-registration and hence NPOs are mandated to register themselves in the portal. All applicable Trusts/Societies/Section 25/Section 8 companies should declare themselves suitably. Other Trusts/Societies who do not fall under the new NPO definition should confirm that they are not falling under the referred NPO definition.

4. What are the changes to UBO (Ultimate Beneficiary Owner) requirements?

Clause/Rule/Sub-Rule	Existing requirements	New requirements	Changes
Rule(9)(3)(a)(1)	Controlling ownership interest” means ownership of or entitlement to more than twenty-five (25) per cent of shares or capital or profits of the company.	Controlling ownership interest” means ownership of or entitlement to more than ten (10) per cent of shares or capital or profits of the company.	UBO definition for Corporates – reduced from 25% of control to 10% .

Rule(9)(3)(e)	(e) where the client is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen (15) per cent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership;	(e) where the client is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with ten (10) per cent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership;	UBO definition for Trust – reduced from 15% of control to 10%.
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5. What actions are required from the non-individual investors for revised UBO requirements?

All Companies or Trusts/Societies must submit the fresh UBO declaration as per the format shared by RTAs to confirm that new UBO information is refreshed and updated in MF/RTA database accordingly.

6. Is the revised UBO declaration required even if there is no change in UBO information?

Yes. New UBO declaration form should be submitted fresh by all Companies/Trusts/Societies even if there is no change in UBO details as some of the values are made mandatory for various other reporting and due diligence requirements. For new folio creation, new UBO declaration is mandatory. For the existing investors, they may provide the updated new UBO declaration, but transaction restriction might not happen.

7. Whether Companies / Trusts / Societies should submit both revised UBO and NPO declaration in the prescribed format?

All Companies or Trusts/Societies must submit the fresh UBO declaration as per the format shared by RTAs to confirm that new UBO information is refreshed and updated in MF/RTA database accordingly. Trusts/Societies/Section 8 companies (under Companies Act, 2013) should additionally submit the new NPO declaration duly filled and signed along with the updated Authorized Signatory List (ASL) in case of any changes.

Further, when there is any change in controlling interest or NPO status happens or information already provided, fresh UBO / NPO declaration should be submitted suitably to MFs/RTAs.

8. What types of transaction are impacted and what is the effective date?

- a) NPO declaration mandatory for all financial transactions in new and existing folios on or after 1st September 2023 except for redemptions.
- b) New UBO declaration for all the existing investors – Optional but request to submit the updated form.

9. Are these declaration(s) required at Fund level?

No, these declarations are required at MF RTA level separately.

10. Apart from UBO controlling interest, are there any other changes in UBO requirements?

Yes. The following requirements / validation are mandatory.

- UBO Name should be Individual person.
- UBO PAN is mandatory. In case of Foreign National, TIN (preferred) or Social Security Number to be provided.
- UBO Country of Tax Residency and relevant TIN is mandatory.
- UBO Date of Birth is mandatory.
- UBO PEP information is mandatory.
- % of Beneficial interest (preferably with documentary evidence).
- UBO KYC will be validated.

This information is required for various reporting purposes and one of the key requirements from FIU-IND.

11. If no UBO falling above the applicable threshold %, what information needs to be provided?

If no UBO can be identified based on the applicable threshold like above 10%, details of Senior Managing Official (SMO) information should be provided as UBO.

12. If UBO/SMO is Foreign National and PAN is not applicable/available for the person. falling above the applicable threshold %, what information needs to be provided?

Wherever PAN is not applicable for UBO or SMO, TIN should be provided mandatorily.

13. Whether UBO or SMO information should be provided for Listed Company?

UBO or SMO information is not applicable for Listed Company or its associate / subsidiary company. However, they need to declare suitably in UBO declaration form.

14. What is the TAT for UBO / NPO declaration?

TAT for UBO/NPO declaration registration is T+3 business days.

15. We have submitted UBO / NPO declaration to MF/RTA on T day. Can I open a new folio in another fund (serviced by the same RTA) on the next day?

Unless UBO/NPO is registered, no folio can be opened in another fund (serviced by the same RTA) unless such UBO/NPO declaration is submitted for another Fund or investor must wait till registration is completed in any one of the MF/RTA.

16. Is UBO/SMO PAN KYC status On-Hold, what will be the impact?

Transactions will not be allowed unless UBO/SMO PAN is KYC Complied. If KYC status changes to KYC On-Hold for any reasons thereof, further transactions might be restricted.

17. Is UBO/SMO PAN under SEBI Debarment or PAN being under lock based on the notice from Law Enforcement Agency(ies), what will be the impact?

Transactions will not be allowed if UBO/SMO PAN is under SEBI debarment or under Lock based on any notices from Law Enforcement Agency(ies).

18. Assuming there is an Ultimate Beneficiary whose PAN is debarred for some issue in Company A who is also one of the Ultimate beneficiaries in one another entity say Company B. Does it mean that unless the debarment is lifted for the Ultimate beneficiary's PAN Company B will not be able to transact?

Yes, transactions will not be allowed from any of the Corporate, if UBO/SMO PAN is under SEBI debarment or under Lock based on any notices from Law Enforcement Agency(ies).