

F. No. 13/41/2025-FATF
Government of India
Ministry of Finance
Department of Revenue

Room No. 55,
North Block, New Delhi,
Dated 31st July 2025

OFFICE MEMORANDUM

Subject: Notification of PF, TF, and ML Risks to Private Sector Entities – FATF CPFSES Report (June 2025)

The Department of Revenue (DoR) regularly disseminates information to reporting entities under the Prevention of Money Laundering Act, 2002 (PMLA) regarding emerging and evolving risks related to Terrorist Financing (TF), Proliferation Financing (PF), and Money Laundering (ML). The key findings from the National Risk Assessment (NRA) 2022 were earlier shared with Reporting Entities (REs). These communications are complemented by sector-specific guidance issued by regulatory and supervisory authorities, consistent with India's risk-based approach in line with FATF Standards.

2. Sub-rule (13) of Rule 9 of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, mandates all reporting entities to undertake institutional risk assessments, taking into account the national risk assessments and any sectoral advisories issued.

3. The Financial Action Task Force (FATF) released its report titled "*Complex Proliferation Financing and Sanctions Evasion Schemes (CPFSES)*" on 20 June 2025. The report is a product of the Risk, Trends and Methods Group (RTMG) and India contributed significantly in its drafting.

4. The full CPFSES report is publicly accessible at the FATF website: <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Financingofproliferation/complex-proliferation-financing-sanction-evasion-schemes.html>

5. The CPFSES report represents an agreed set of insights, sharing strategies, typologies, and lessons from multiple jurisdictions. As highlighted in paragraph 3 of its Executive Summary (and the corresponding footnote), not all findings may be directly applicable to India. Nonetheless, the document serves as a valuable resource to enhance understanding of complex PF-related threats and evasion tactics.

6. Specifically for India, only the following jurisdictions identified in the report are considered as high-risk from a PF threat perspective:

a) **Democratic People's Republic of Korea (DPRK)** – as per relevant United Nations Security Council sanctions;

b) **Pakistan** – based on observations from Indian PF-linked investigations and the illustrative case study (Box 34) detailing sanctions evasion by a state-owned enterprise.

All relevant supervisory and regulatory bodies are requested to disseminate the report with the above clarification in para 6 appropriately within their regulated sectors to assist

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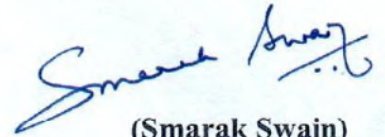
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reporting entities in strengthening their Institutional Risk Assessments under rule 9(13) of PML Rules and compliance mechanisms. Supervisors may include the PF threat to India as discussed above in their outreach and training with reporting entities, as well as in their sectoral risk assessments. Self-regulatory bodies may communicate the risk outcome detailed above to their members.

8. This communication is issued with the approval of the competent authority.



(Smarak Swain)
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To:

- (1) Governor, Reserve Bank of India
- (2) Chairman, Securities and Exchange Board of India (SEBI)
- (3) Chairman, Pension Fund Regulatory and Development Authority (PFRDA)
- (4) Chairman, International Financial Services Centres Authority (IFSCA)
- (5) Chairman, Insurance Regulatory and Development Authority of India (IRDAI)
- ~~(6) Secretary, Ministry of Housing and Urban Affairs (MOHUA) – for circulation to all State RERAs~~
- (7) Chairman, Central Board of Indirect Taxes and Customs (CBIC) with a request to share the same with ADG, Audit for supervision over Real Estate Agents and Gems & Jewellery.
- (8) Chairman, Central Board of Direct Taxes (CBDT)
- (9) Director, Financial Intelligence Unit – India (FIU-IND)
- (10) Director, Enforcement Directorate, for information
- (11) Director General, National Investigation Agency
- (12) President of ICAI, ICSI, ICMAI
- (13) Ms Aslam Khan, DIG, Home Department, Goa
- (14) Sh Pawan Awasthi, Director (Lottery), Sikkim, for information