20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **RBI's framework for the compliance function and CCO role was issued via circular dated 11 September 2020.**
   This circular remains the master RBI reference for how Indian banks must structure and govern their compliance function.

2. **The Chief Compliance Officer (CCO) is mandatory for all scheduled commercial banks under RBI's 2020 framework.**
   The 2020 framework requires every scheduled commercial bank to appoint a CCO who heads the compliance function.

3. **The compliance function is the second line of defence in the three-lines-of-defence model.**
   The model treats compliance and risk management as the second line, alongside the first-line business unit and third-line audit.

4. **The first line of defence is the business unit that owns and manages its own risks.**
   Under the three-lines model, the business unit itself owns and manages the risks it creates day to day.

5. **The third line of defence is internal audit, which independently assures the board.**
   Internal audit checks that both the business and compliance lines are functioning effectively.

6 **The CCO must have a minimum fixed tenure of three years under RBI's framework.**
RBI mandates this minimum tenure so the CCO has enough independence and continuity to do the job effectively.

7 **Premature transfer of a CCO needs board approval and prior intimation to RBI.**
This safeguard prevents banks from removing a CCO early to sidestep uncomfortable compliance findings.

8 **The CCO should ideally be a rank below Executive Director, not below two levels from the CEO.**
This seniority requirement gives the CCO enough stature to challenge business decisions credibly.

9 **The CCO reports functionally to the board's Audit Committee, with administrative oversight from the MD & CEO.**
This reporting line keeps the CCO's escalation path independent of business-line management.

10 **The compliance function must be independent and cannot carry business targets.**
Independence from business targets prevents conflicts of interest that could weaken compliance oversight.

11 **The governing law for AML/KYC compliance in India is the Prevention of Money-Laundering Act, 2002 (PMLA).**
PMLA, with its Maintenance of Records Rules and RBI's KYC Master Direction, anchors India's AML regime.

12 **Banks must maintain KYC and transaction records for five years under PMLA rules.**

The five-year retention rule keeps records available for investigation or regulatory review.

13 **A Suspicious Transaction Report (STR) must be filed within seven working days of establishing suspicion.**

This seven-working-day timeline is a key detail tested under PMLA reporting obligations.

14 **A Cash Transaction Report (CTR) covers cash transactions above rupees ten lakh.**

This threshold, including integrally connected transactions in a month, triggers mandatory CTR filing.

15 **Banks file CTR, STR, CCR and NTR reports with the Financial Intelligence Unit-India (FIU-IND).**

FIU-IND is the central agency that receives and analyses these AML-related reports from banks.

16 **Banks appoint a Principal Officer responsible for AML reporting under PMLA.**

The Principal Officer, along with a Designated Director, owns the bank's AML reporting obligations.

17 **FATCA is a US law requiring foreign financial institutions to identify and report US-person accounts.**

FATCA compliance means banks identify US-person account holders and report them for exchange with the US IRS.

18 **India implemented FATCA through an Inter-Governmental Agreement (IGA Model 1) signed with the US in 2015.**

This IGA lets Indian banks report US-person account data to CBDT instead of directly to the US IRS.

19 **CRS is the OECD's multilateral standard for automatic exchange of financial account information.**

CRS lets India automatically exchange account information with over 100 signatory jurisdictions.

20 **Banks report FATCA/CRS reportable accounts annually using Form 61B.**

Form 61B is the annual return banks file with the Income-tax Department for reportable accounts.