20 True or False

Decide, then check the answer and reason below each statement.

Question 1

RBI's framework made appointment of a Chief Compliance Officer mandatory for all scheduled commercial banks.

TRUE

RBI's September 2020 circular requires every scheduled commercial bank to appoint a CCO.

Question 2

The Chief Compliance Officer's minimum tenure under RBI's framework is three years.

TRUE

RBI mandates a minimum fixed CCO tenure of three years to protect independence and continuity.

Question 3

Under PMLA, a Suspicious Transaction Report must be filed within seven working days of establishing suspicion.

TRUE

The seven-working-day timeline for STR filing is a specific PMLA reporting requirement.

Question 4

In the three-lines-of-defence model, internal audit is the third line, providing independent assurance to the board.

TRUE

Internal audit forms the third line, independently assuring the board that the first two lines work well.

Question 5

FATCA is a United States law dealing with reporting of financial accounts held abroad by US persons.

TRUE

FATCA is US legislation requiring foreign institutions to identify and report US-person accounts.

Question 6

CRS was developed by the OECD as a multilateral standard for automatic exchange of account information.

TRUE

The Common Reporting Standard is an OECD framework enabling multilateral automatic information exchange.

Question 7

Indian banks report FATCA-related account information to the Central Board of Direct Taxes (CBDT).

TRUE

CBDT receives FATCA reports from Indian banks and exchanges the data with the US IRS.

Question 8

Banks must maintain KYC and transaction records for a minimum of five years under PMLA rules.

TRUE

The PML Rules require banks to retain customer and transaction records for at least five years.

Question 9

A bank's compliance function must be independent and should not carry business targets.

TRUE

RBI's framework requires the compliance function to be free of business targets to avoid conflicts of interest.

Question 10

Form 61B is used by Indian banks to report FATCA and CRS reportable accounts annually.

TRUE

Banks file Form 61B once a year with the Income-tax Department for reportable accounts.

Question 11

The Chief Compliance Officer's minimum tenure under RBI's framework is one year.

FALSE

RBI actually mandates a minimum fixed CCO tenure of three years, not one.

Question 12

In the three-lines-of-defence model, internal audit is considered the first line of defence.

FALSE

Internal audit is the third line; the business unit that owns its own risks is the first line.

Question 13

A Suspicious Transaction Report under PMLA must be filed within thirty working days of establishing suspicion.

FALSE

PMLA requires an STR to be filed within seven working days of establishing suspicion, not thirty.

Question 14

FATCA is a cross-border reporting regime introduced by the OECD.

FALSE

FATCA is a US law; the OECD's equivalent multilateral standard is CRS, a separate regime.

Question 15

The Chief Compliance Officer reports administratively to the head of the bank's largest business vertical.

FALSE

The CCO has no reporting relationship with business verticals; administrative oversight rests with the MD and CEO.

Question 16

Under RBI's framework, appointment of a Chief Compliance Officer is optional for scheduled commercial banks.

FALSE

RBI's 2020 circular makes CCO appointment mandatory, not optional, for scheduled commercial banks.

Question 17

CRS enables automatic exchange of account information only between India and the United States.

FALSE

CRS enables exchange with over 100 signatory jurisdictions; the bilateral India-US arrangement is under FATCA.

Question 18

Banks are required to file Form 61B on a monthly basis for FATCA and CRS reportable accounts.

FALSE

Form 61B is filed annually with the Income-tax Department, not monthly.

Question 19

The compliance function is permitted to carry its own business targets as long as they remain modest.

FALSE

RBI requires the compliance function to have no business targets at all, to preserve its independence.

Question 20

PMLA requires banks to discard KYC records after one year to protect customer privacy.

FALSE

PMLA rules require banks to retain KYC and transaction records for at least five years, not discard them after one.