

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2338  
ANSWERED ON:07.12.2012  
TERROR FUNDING THROUGH STOCK MARKET  
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**Will the Minister of FINANCE be pleased to state:**

- (a) the steps taken by Securities and Exchange Board of India (SEBI) to check terror funding through stock market during the last three years and the current year;
- (b) the details of Depository Participants against whom action has been taken for negligence in following the procedure laid down under the Prevention of Money Laundering Act to prevent money laundering and financing terror operations during the same period; and
- (c) the nature of action taken against these negligent depositor participants?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a): Details of steps taken by SEBI to check terror funding through stock market during the last three years and the current year is given at Annexure.
- (b) and (c): Securities and Exchange Board of India (SEBI) has strengthened its inspection procedures by appropriately including Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT) risks of individual and institutions in its inspection policy. Each depository participant is required to undergo the process of internal audit through independent auditors on half-yearly basis. The compliance of AML aspect is also checked by the auditors. The depositories also carry out inspection of each active member on annual basis. The AML is also covered in their checklists for inspections. As a result of constant monitoring and inspections, as mentioned above, the compliance level of the intermediaries has improved considerably. During inspections no serious violations have been observed. Therefore, in most of the cases only advisory/warning letters are issued to the intermediaries advising them to take corrective steps, place them before their boards and report to SEBI.