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Message from the Chairman

It is my pleasure to present the eighth issue of TSPD Monthly Technical Updates. This issue covers a variety of topics related to Taxation, Stock Market, Corporate Sector and especially the Anti Money Laundering (AML)/ Countering the Financing of Terrorism (CFT) requirements which are to be complied by the Cost and Management Accountants (CMAs). I believe that members will find it informative and helpful in discharging their professional assignments/ responsibilities.

I also want to request all members to share their valuable suggestions for further improvement in the Monthly Technical Update and identify topics of technical interest, which the Committee may consider for arranging seminars, workshops and training programs beneficial for the practicing members in terms of their capacity building and value addition.

Please do share your comments on tspd@icmap.com.pk.

Ghulam Mustafa Qazi, FCMA
Chairman TSPD Committee



Feature News

Framework for Regulation and Supervision of Cost and Management Accountants (CMAs) to Comply with Requirements of Anti-Money Laundering and Countering the Financing of Terrorism (AML & CFT)

ICMA Pakistan, under section 5(7)(a) of the Anti-Money Laundering (AML) Act, 2010 has been designated as an AML/CFT Regulator/Supervisor of its members through the Finance Division, Government of Pakistan notification dated December 23, 2019. Thereby, requiring the ICMA Pakistan to act as a Self-Regulatory Body (SRB). Further, through the above-mentioned notification, the Securities and Exchange Commission of Pakistan has been designated as AML/CFT Supervisor of the Institute.

As an SRB, the Institute is obligated to prescribe regulatory and supervisory measures for the cost and management accountants in practice, falling under the scope of this Framework, for customer due diligence and record keeping as well as ensuring compliance with the provisions and obligations specified under the AML Act.

In this regard, the National Council, approved the "Framework for Regulation and Supervision of Cost and Management Accountants (CMAs) to Comply with Requirements of Anti-Money Laundering and Countering the Financing of Terrorism (AML & CFT)" (the AML Framework), in its 382nd meeting held on December 30, 2019 & February 13, 2020. This Framework is based on the Anti-Money Laundering and Combating Financing of Terrorism Guidelines for Designated Non-Financial Business Professions issued by the Financial Monitoring Unit (FMU).

The Institute's AML Framework outlines the following:-

- (a) Scope;
- (b) AML/CFT requirements for Institute's members in practice;
- (c) Institute's role as Self-Regulatory body of its members for AML/CFT purposes; and
- (d) AML Supervisory Board's role to coordinate with the AML Supervisor.

The AML Framework can be accessed through the following link: -

<https://www.icmap.com.pk/ICMAAMLFramework.pdf>

This AML Framework is effective since **March 01, 2020**.

Submission of Annual Returns (Form A & Form B)

- All Practicing firms shall on an annual basis submit 'Form A' of Annual Return, by July 31; and

- All Reporting Firms shall on an annual basis submit 'Form B' of Annual Return, by August 15.

All Firms, in addition to the above Forms of annual return shall supply, in accordance with the terms and return dates specified, any additional information and/or documentation requested by AML Supervisory Board/AML Supervision Department in exercising its functions and responsibilities under this AML Framework.

Committee Activities

Webinar on the Briefing of AML Framework and Obligations of Firms under the AML Act

Technical Support & Practice Development (TSPD) Committee, in collaboration with the AML Supervisory Board of ICMA Pakistan, organized a “Webinar on the Briefing of AML Framework and Obligations of Firms under the AML Act”, on Tuesday, July 28, 2020 at 5:30 pm through zoom. The objective of organizing the Webinar was to equip the members and their firms with the AML/CFT and briefed them their obligations under the AML Act. Senior officials from Financial Monitoring Unit (FMU) and SECP also joined the Webinar and made detailed presentations on the topic. The Webinar was attended by the Members of National Council of ICMA Pakistan, practicing members and other stakeholders as well.



Consultation session on the draft Non-Banking Finance Companies and Collective Investment Vehicles Act, 2020

SECP notified the draft Non-Banking Finance Companies and Collective Investment Vehicles Act, 2020 for public consultation. SECP requested ICMA Pakistan to provide their feedback on the said draft. TSPD submitted detailed comments to the SECP in this regard. The objective is to encourage an open feedback regarding the wider issues impacting growth of the NBFC sector and how to efficiently address the same?

In order to conclude the comments/feedback in relation to the draft Non-Banking Finance Companies and Collective Investment Vehicles Act, 2020 the SECP organized a consultation session via zoom on July 22, 2020. The session was attended by the Worthy Practicing Member and Mr. Bilal Ahmad, Director TSPD.

National Updates

Corporate Sector

1. MASTER CIRCULAR - MUTUAL FUNDS/COLLECTIVE INVESTMENT SCHEMES/ INVESTMENT ADVISORY SERVICES

Securities and Exchange Commission of Pakistan (SECP) notified a Master Circular on Mutual funds/ Collective Investment Schemes (CIS) and Investment Advisory Services.

This Master Circular is a compilation/collection of all the existing/applicable Circulars and Directions issued by the SECP in relation to Specialized Companies Division of SECP from time to time for regulation of Collective Investment Schemes/Mutual Funds/Investment Advisory Services. This document includes all circulars issued from January 06, 2009 up to April 09, 2020 which are already in force unless otherwise revised or repealed by the Commission.

The Circular can be downloaded from the following link:-

<https://www.secp.gov.pk/document/master-circular-mutual-funds-collective-investment-schemes-investment-advisory-services/?wpdmdl=39696&refresh=5f0582406a8551594196544>

2. ALTERATION IN THE THIRD SCHEDULE TO THE COMPANIES ACT, 2017

SECP vide their S.R.O. 614(I)/2020 made alteration in the third schedule to the Companies Act by including all companies engaged in the alteration in made in the Third Schedule, in Serial No. 1, in clause (b), after sub-clause (iii).

For further details, please visit the following link:-

<https://www.secp.gov.pk/document/alteration-in-the-third-schedule-to-the-companies-act-2017/?wpdmdl=39713&refresh=5f08e8df8be961594419423>

3. AMENDMENTS IN THE NON-BANKING FINANCE COMPANIES AND NOTIFIED ENTITIES REGULATIONS, 2008

SECP vide their S.R.O. 613(I)/2020 notified amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Through this notification, the SECP has revised procedure for Asset Management Companies, on behalf of Collective Investment Schemes, for distribution of dividends to the shareholders.

According to the SECP, for the purpose of this Regulation the expression "accounting income" means income calculated under the International Accounting Standards and verified by the auditors. Provided that in case of Exchange Traded funds accounting Income shall also include net of element of income created through income statement at the time of issuance and/or redemption of units.

Provided that in case of Exchange Traded Funds receipt and payment of element of income relating to income statement is taken to Income Statement both at the time of issuance and redemption of units.

An Asset Management Company on behalf of a Collective Investment Scheme shall, for every accounting year, distribute by way of dividend to the unit holders, certificate holders or shareholders, as the case may be, not less than ninety per cent of the accounting income of the Collective Investment Scheme received or derived from sources other than unrealized capital gains as reduced by such expenses as are chargeable to a Collective Investment Scheme under these Regulations.

For further details, please visit the following link:-

<https://www.secp.gov.pk/document/amendments-in-the-non-banking-finance-companies-and-notified-entities-regulations-2008-4/?wpdmml=39711&refresh=5f08e9178baa11594419479>

Taxation

4. EXTENSION IN DATE OF FILING OF ANNEX-H FOR THE PERIOD OF JULY, 2019 TO JANUARY, 2020

Federal Board of Revenue (FBR) vide their notification dated July 7, 2020 extended the time limit for filing of Annex-H for the Tax Periods of July, 2019 to January, 2020 up to 31.07.2020.

For further details, please visit the following link:-

[http://download1.fbr.gov.pk/Docs/2020771679446902020-07-07\(Annex-H\).pdf](http://download1.fbr.gov.pk/Docs/2020771679446902020-07-07(Annex-H).pdf)

5. EXTENSION IN DATE OF POS INTEGRATION FOR TIER-1 RETAILERS

FBR further condoned the time limit, as provided in sub-rule (2) of rule

150ZEA of Sales Tax Rules, 2006, up to August 31, 2020, for online integration of tier-1 retailers POSs with FBR's computerized system for real time reporting of sales subject to the condition that such tier-1 retailers furnish in writing their willingness to integrate all their POSs to the respective RTOs/ LTUs by August 20, 2020.

For further details, please visit the following link:-

[http://download1.fbr.gov.pk/Docs/20207317753102402020-07-03\(POS\).pdf](http://download1.fbr.gov.pk/Docs/20207317753102402020-07-03(POS).pdf)

6. DRAFT AMENDMENTS REGARDING IMPORT RULES U/S 148 OF INCOME TAX ORDINANCE, 2001

FBR vide their S.R.O. 615(I)/2020 dated July 9, 2020 issued draft of further amendments in the Income Tax Rules 2002.

FBR has issued draft rules for granting concessions and exemption on import of raw material and capital goods to comply with amendment made through Finance Act 2020. In the aforesaid rules, in Chapter IX, after Part I, a new Part titled as "Imported Goods" is proposed to be inserted through this notification. Through Finance Act 2020, an amendment was made to Income Tax Ordinance 2001 and a new Twelfth Schedule introduced to classify importers for grant of exemptions and concession.

Under the draft rules a taxpayer, who wants to avail tax relief, should provide tax authorities the site plan of the manufacturing unit indicating the location of the premises and the details of the total area, covered area and manufacturing area and separate storage areas for manufactured goods, factory rejects and wastages.

Further, the taxpayer should also provide inventory statement, consumption statement and input-output ratios of locally procured and imported goods for the last assessed tax year and the period starting on the first day after the last assessed tax year and ending on the day.

As per Finance Act 2020, the importers have been classified under Twelfth Schedule and the FBR would allow concession of one percent, two percent, and 5.5 percent on import of raw materials and capital goods. As per the draft rules the importers have to apply for concession on imported raw materials. However, the FBR has the right to reject the concession in case of discovery of finished goods.

The draft can be downloaded from the following link:-

<http://download1.fbr.gov.pk/SROs/2020791773357482SRO61520202.pdf>

International Update

1. NEW ACCOUNTING TOOL AVAILABLE FOR GOVERNMENTS TO BETTER UNDERSTAND IMPACTS OF COVID-19 INTERVENTIONS

IFAC and the Zurich University of Applied Science (ZHAW), in partnership with IPSASB, published a tool for governments and other interested stakeholders to apply best practices in public sector accounting when analyzing COVID-19-related intervention programs.

The COVID-19 pandemic led governments to deploy significant interventions to support individuals, businesses, the monetary system, and specific sectors, including healthcare. In view of the unprecedented scale of these interventions there is an urgent need to understand their full current and ongoing impacts on public finances.

The COVID-19 Intervention Assessment Tool includes:

- A step-by-step process and assessment tool to help assess, evaluate and inform various types of government interventions related to the pandemic; and
- An overview of the way it can support the pathway to accrual IPSAS for governments.

The supplementary report "Impact Assessment and the Pathway to Accrual" provides high-level insights on the IPSAS adoption and implementation process, and the ways in which the Assessment Tool can support this, while emphasizing the importance that IPSAS adoption occurs within the context of broader public financial management reforms.

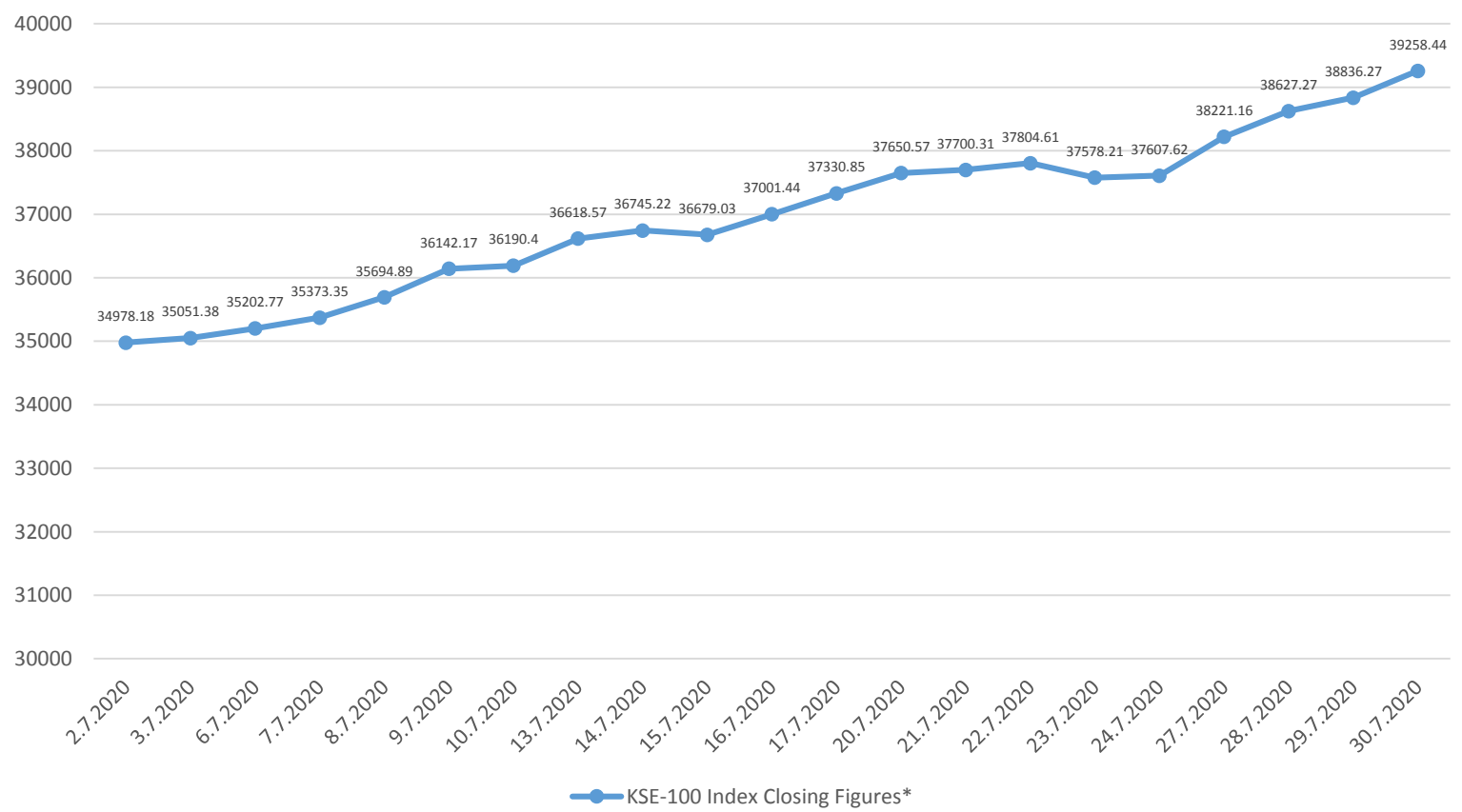
Pakistan Stock Market

Pakistan Stock Market – KSE-100 Index Fluctuations during July, 2020

| Date | KSE-100 Index Closing Figures* | Date | KSE-100 Index Closing Figures* | Date | KSE-100 Index Closing Figures* |
|-----------|--------------------------------|-----------|--------------------------------|-----------|--------------------------------|
| 2.7.2020 | 34978.18 | 13.7.2020 | 36618.57 | 22.7.2020 | 37804.61 |
| 3.7.2020 | 35051.38 | 14.7.2020 | 36745.22 | 23.7.2020 | 37578.21 |
| 6.7.2020 | 35202.77 | 15.7.2020 | 36679.03 | 24.7.2020 | 37607.62 |
| 7.7.2020 | 35373.35 | 16.7.2020 | 37001.44 | 27.7.2020 | 38221.16 |
| 8.7.2020 | 35694.89 | 17.7.2020 | 37330.85 | 28.7.2020 | 38627.27 |
| 9.7.2020 | 36142.17 | 20.7.2020 | 37650.57 | 29.7.2020 | 38836.27 |
| 10.7.2020 | 36190.40 | 21.7.2020 | 37700.31 | 30.7.2020 | 39258.44 |

*As published in Daily Dawn

KSE-100 Index Closing Figures*

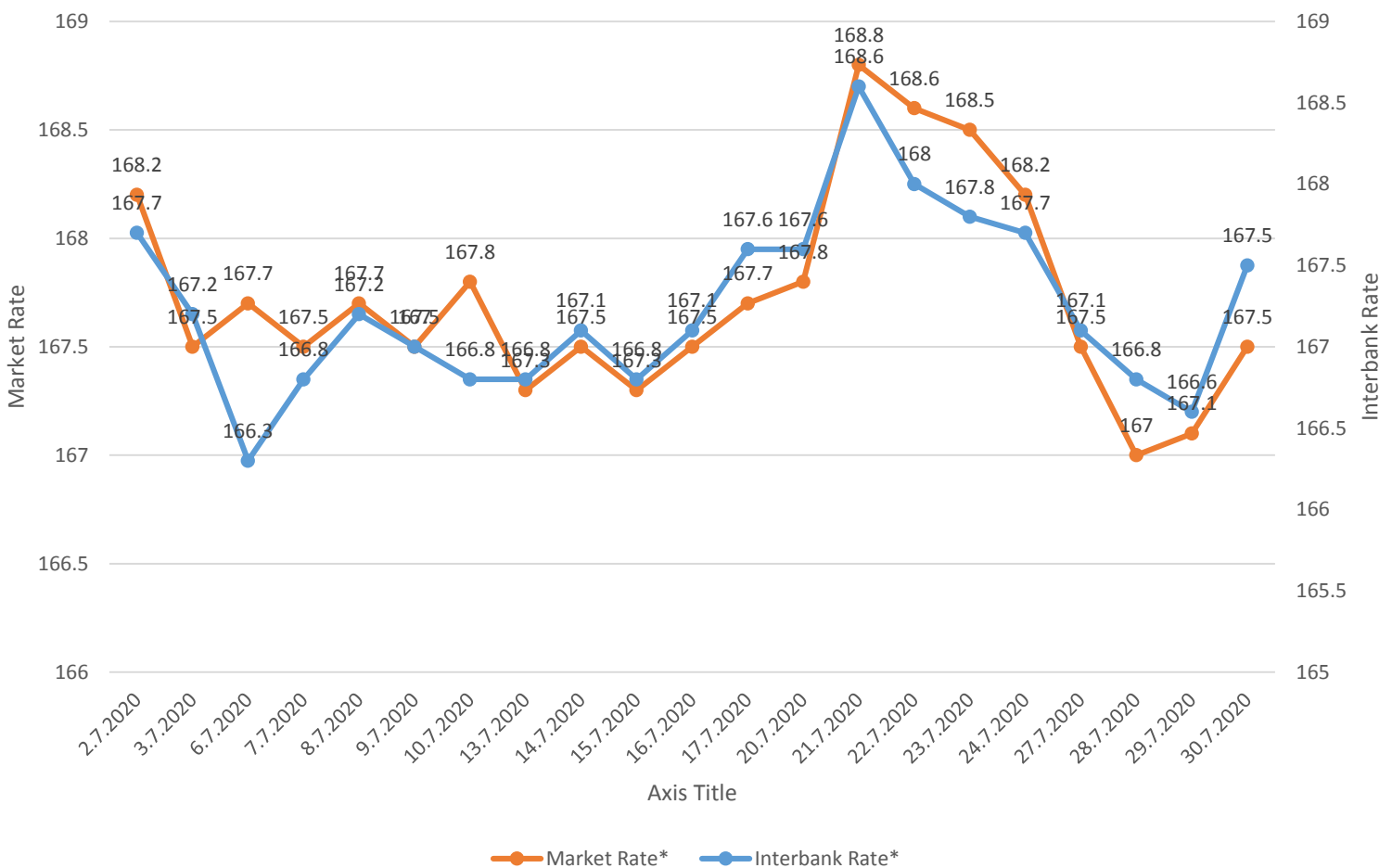


Rupee-Dollar Parity

| Date | Interbank Rate* | Market Rate* | Date | Interbank Rate* | Market Rate* | Date | Interbank Rate* | Market Rate* |
|-----------|-----------------|--------------|-----------|-----------------|--------------|-----------|-----------------|--------------|
| 2.7.2020 | 167.7 | 168.2 | 13.7.2020 | 166.8 | 167.3 | 22.7.2020 | 168.0 | 168.6 |
| 3.7.2020 | 167.2 | 167.5 | 14.7.2020 | 167.1 | 167.5 | 23.7.2020 | 167.8 | 168.5 |
| 6.7.2020 | 166.3 | 167.7 | 15.7.2020 | 166.8 | 167.3 | 24.7.2020 | 167.7 | 168.2 |
| 7.7.2020 | 166.8 | 167.5 | 16.7.2020 | 167.1 | 167.5 | 27.7.2020 | 167.1 | 167.5 |
| 8.7.2020 | 167.2 | 167.7 | 17.7.2020 | 167.6 | 167.7 | 28.7.2020 | 166.8 | 167.0 |
| 9.7.2020 | 167.0 | 167.5 | 20.7.2020 | 167.6 | 167.8 | 29.7.2020 | 166.6 | 167.1 |
| 10.7.2020 | 166.8 | 167.8 | 21.7.2020 | 168.6 | 168.8 | 30.7.2020 | 167.5 | 167.5 |

*forex.pk

Rupee-Dollar Parity during July, 2020



AML Framework and Obligation of Firms

AML Supervisory Board

ICMA Pakistan, under the Anti-Money Laundering (AML) Act, 2010 has been designated as an AML/CFT Regulator/Supervisor of its members, thereby requiring the Institute to act as a Self-Regulatory Body (SRB). As an SRB, the Institute is obligated to prescribe regulatory and supervisory measures for the CMAs in practice, for customer due diligence and record keeping as well as ensuring compliance with the provisions and obligations specified under the AML Act.

In this regard, the National Council approved the "Framework for Regulation and Supervision of Cost and Management Accountants (CMAs) to comply with Requirements of Anti-Money Laundering and Countering the Financing of Terrorism (AML & CFT)" which is based on the AML/CFT Guidelines for Designated Non-Financial Business Professions (DNFBPs) issued by the Financial Monitoring Unit (FMU).

In order to equip the members and their firms with the AML/CFT and their obligations under the AML, the AML Supervisory Board of ICMA Pakistan developed a Briefing of AML Framework and Obligation of Firms. This guidance provides overview on the following topics:-

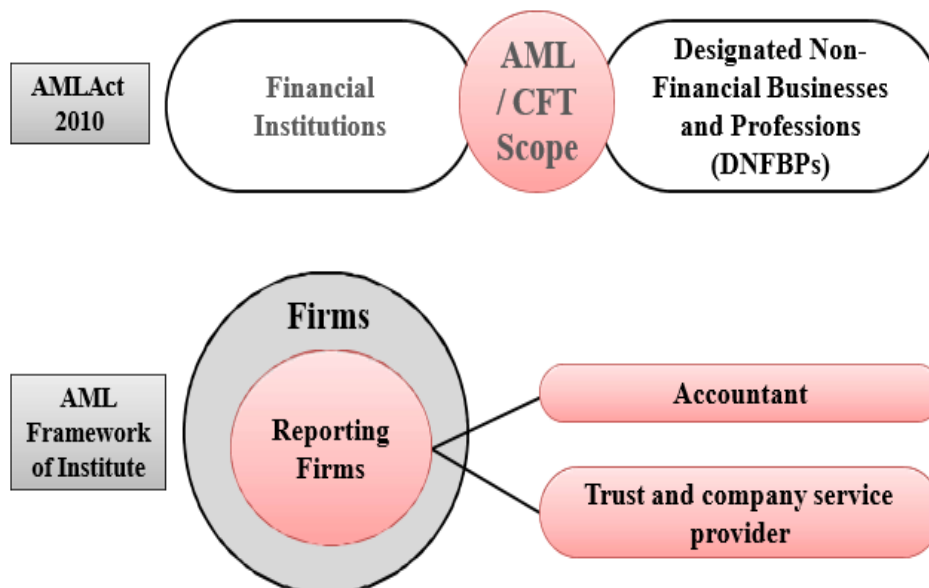
- Scope of AML/ CFT in Pakistan
- 'Accountant' and 'Trust & Company Service Provider'
- FATF Recommendations
- Obligations of ICMA Pakistan
- "Practicing Firm" and "Reporting Firm"
- Obligations of Reporting Firms
- Filing of Annual Returns (Form 'A' & Form 'B')
- Specifications of Annual Returns (Form 'A' & Form 'B')

Scope of Anti Money Laundering/ Countering Financing of Terrorism in Pakistan

The Financial Action Task Force (FATF) develops and promotes policies to protect the global financial system against money laundering and terrorist financing. The FATF Recommendations are recognized as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard. In Pakistan, money laundering and terror financing are, inter alia, governed by the Anti-Money Laundering Act, 2010 (AMLA); the Anti-Terrorism Act, 1997; the Control of Narcotics Substances Act, 1997; the SBP's Prudential Regulations M1 to M5, 2003/2016; and the SECP's AML measures, 2002/2018. The AML Act and FATF Recommendations place obligations on the accountancy profession.

Pakistan is also subject to FATF mutual evaluations on the adoption and implementation of FATF Recommendations.

The Institute is designated as an AML/CFT Regulator/Supervisor of its members through the Finance Division, Government of Pakistan notification dated December 23, 2019, which requires the Institute to act as a Self-Regulatory Body (SRB). Further, through the above-mentioned notification Securities and Exchange Commission of Pakistan has been designated as AML/CFT Supervisor of the Institute.



‘Accountant’

“Accountant” means sole practitioners, partners or employed professionals within professional firms when they prepare for or carry out transactions for their client concerning:

- Buying and selling of real estate;
- Buying and selling of business entities;
- Managing of client money, securities or other assets;
- Opening or management of bank, savings or securities accounts;
- Organization of contributions necessary for the creation, operation or management of companies;
- Creation, operation or management of legal persons or arrangements

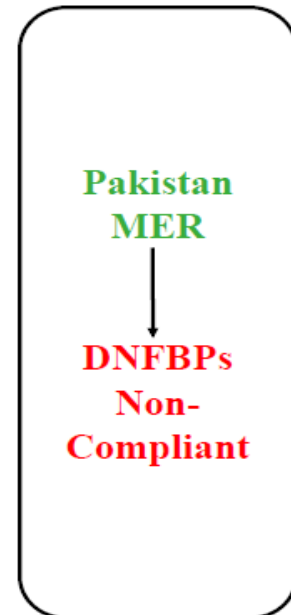
‘Trust & Company Service Provider’

“Trust and Company Service Provider” – means a Member in Practice providing the following services:-

- Forming Companies or other legal persons
- Acting, or arranging for another person to act;
- As a director or secretary of the company
- As a partner of a partnership firm
- In a similar capacity in relation to other legal persons
- Providing a registered office, business address, correspondence or administrative address or other related services for a company, a partnership or any other legal person or legal arrangement;
- Acting, or arranging for another person to act, as a trustee of an express trust or similar legal arrangement.

FATF Recommendations

| FATF Recommendations related to DNFBPs |
|---|
| Recommendation 1 – Assessing Risks and Applying a Risk – Based Approach |
| Recommendation 22 – DNFBPs : Customer Due Diligence |
| Recommendation 10 – Customer Due Diligence Recommendation 11 – Record Keeping Recommendation 12 – Politically Exposed Persons Recommendation 15 – New Technologies Recommendation 17 – Reliance on Third Parties |
| Recommendation 23 – DNFBPs : Other Measures |
| Recommendation 18 – Internal Controls and Foreign Branches and Subsidiaries Recommendation 19 – Higher Risk Countries Recommendation 20 – Reporting of Suspicious Transactions Recommendation 21 – Tipping – off and Confidentiality |



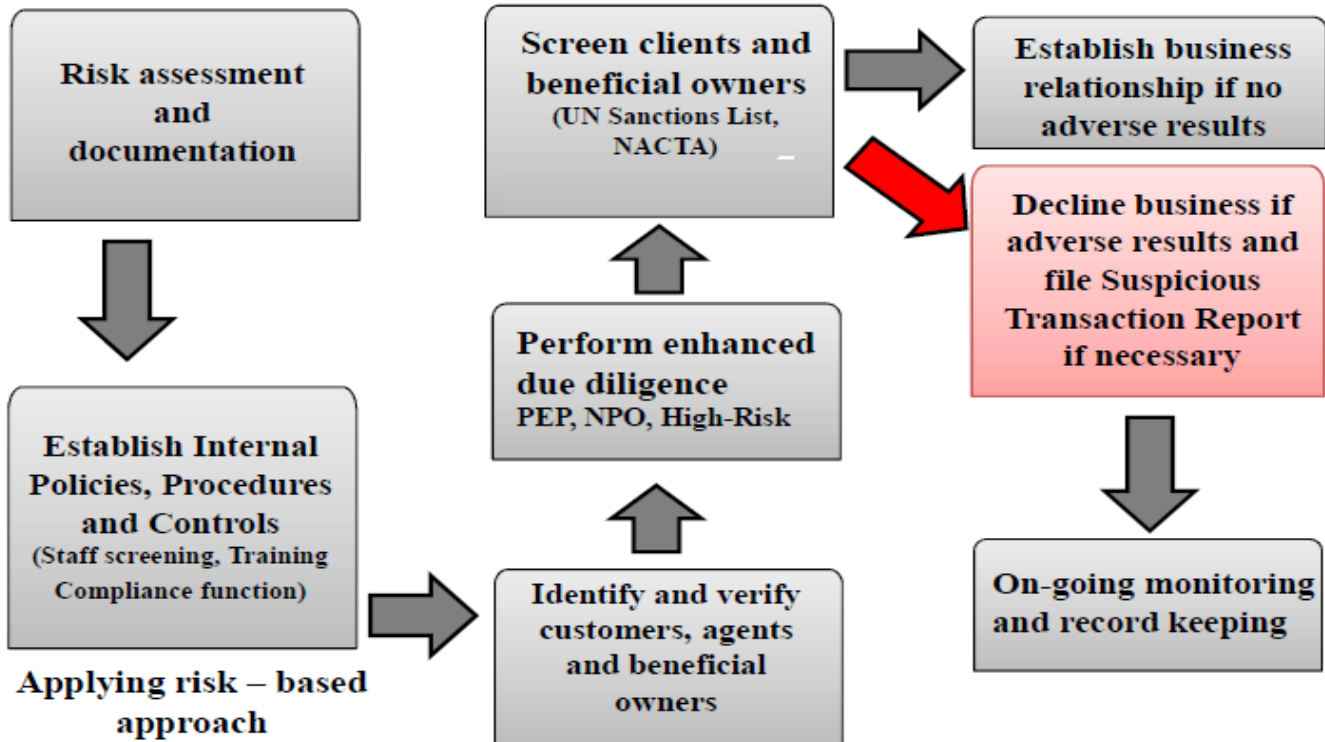
FATF Recommendation No. 22

FATF Recommendation No. 22 sets out customer due diligence and record-keeping requirements applicable to the Designated Non-Financial Businesses and Professions (DNFBPs). FATF Mutual Evaluation Report of Pakistan (October’ 2019) evaluated Pakistan’s DNFBPs as ‘Non-Compliant’.

Obligations of ICMA Pakistan

ICMA Pakistan - Obligations as a Regulatory Body are:

- To prescribe regulatory and supervisory measures for its members; and
- To ensure compliance with AML / CFT Laws.



“Practicing Firm” – means a Member in Practice, who is not subject to the AML Framework except to the extent of filing the returns required under paragraphs 65 to 68 of the AML Framework of ICMA Pakistan.

“Reporting Firm” – means a Member in Practice who is providing services as a Cost and Management Accountant or Trust and Company Service Provider.

Obligations of Reporting Firms

The Reporting Firm is required to:

(a) Assess risks of money laundering and terrorist financing and implement an AML/CFT program to mitigate and manage the risks, as set out in Section I of the AML Framework.

(b) Perform customer due diligence, as set out in Section II of the AML Framework.

(c) Apply enhanced due diligence measures in certain cases indicative of higher AML/CFT risks, as set out in Section III of the AML Framework.

(d) Keep record in accordance with the requirements set out in Section IV of the AML Framework.

2. The Reporting Firm shall not establish a business relationship with following entities and/or individuals:

(a) Designated by, or under the authority of, the United Nations (“UN”) Security Council under Chapter VII of the Charter of the UN, including in accordance with UN Security Council Resolutions.

(b) Proscribed under the Anti-Terrorism Act, 1997 (XXVII of 1997) or any other law relating to terrorism.

(c) Persons acting on behalf of or at the direction of, above (a) and (b).

3. The Reporting Firm shall be required to submit Suspicious Transaction Report (STR) and Currency Transaction Report (CTR) to the Financial Monitoring Unit (“FMU”) notified by the Federal Government in accordance with AML legislation.

(a) If a Reporting Firm suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity, or are related to terrorist financing, it is required to report promptly its suspicions to the FMU established under section 6 of the AML Act.

(b) The Reporting Firm shall report all suspicious transactions including attempted transactions to FMU regardless of the amount of the transaction.

(c) The Reporting Firm shall report CTR to FMU for every cash transaction exceeding the prescribed limit made through the Reporting Firm, in accordance with Section 7(3) of the AML Act.

(d) The Reporting Firm, its senior management and employees shall not disclose to any person the fact of filing of a STR or CTR with FMU, except where so required by law.

4. Members in practice shall be subject to the Institute’s AML Review and Validation Mechanism set out in Section V of the AML Framework.

5. The Reporting Firm, its partner(s) and employees shall not be in breach of any restriction on disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, if they report their suspicions in good faith to the FMU, even if they did not know precisely what the underlying criminal activity was, and regardless of whether illegal activity actually occurred and they are required not to disclose (“tipping-off”) the fact that a STR or related information is being filed with the FMU. “Suspicious Transaction Report or STR” shall have the same meaning as assigned to it in the AML Act. The words and expressions used in this AML Framework but not defined shall have the same meaning as assigned to them under the AML Act and Cost and Management Accountants Ordinance, 1961.

Filing of Annual Returns (Form ‘A’ & Form ‘B’)

Annual Returns - Form A

- To be submitted by all Practicing Firms
- Contains Information regarding their existing clients
- Deadline for submission - July 31, 2020

Specifications / Contents of Form ‘A’

- Name and Address of the Firm
- Number of partners and number of people working in the firm
- Location of branch offices of the firm in Pakistan
- Details of the designated person to receive AML / CFT related information.
- The types of services provided by the firm


Annual Returns - Form B

- Required only by “Reporting Firms” (i.e. if the Form A filed by practicing member attracts for further clarifications / details)
- Deadline for submission - August 15, 2020
- The Reporting Firms would be subject to the first annual review under the AML Framework, based on the Form B

Specifications / Contents of Form ‘B’



Annual Return Form A

| | | | | | | | |
|---|-----------|-------------|------------|-------------------------|----------------|-------------------|-------------------|
|  | Education | Examination | Membership | Research & Publications | CPD & Training | Quality Assurance | Technical Support |
|---|-----------|-------------|------------|-------------------------|----------------|-------------------|-------------------|

Annual Return

Form A (Required to be submitted by all firms)

1) Name of the reporting entity:

(Mention firm name)

2) Period of Form A of the Annual Return:


From: To:

3) Address of main office of the firm:

| | | |
|--|---|---|
| House /Office No: | Street : | Area : |
| <input type="text"/> | <input type="text"/> | <input type="text"/> |
| City : | Province : | Country : |
| <input type="text" value="-Select City-"/> | <input type="text" value="--Select--"/> | <input type="text" value="-Select Country-"/> |
| Telephone : | Email : | <input type="button" value="ADD"/> |
| <input type="text"/> | <input type="text"/> | |

4) Details of partner designated to receive AML/CFT related information from external stakeholders:

| | | |
|----------------------|--|----------------------|
| Name: | CNIC: | Position: |
| <input type="text"/> | <input type="text" value="123456789012345"/> | <input type="text"/> |

| | | | | | | | |
|---|-----------|-------------|------------|-------------------------|----------------|-------------------|-------------------|
|  | Education | Examination | Membership | Research & Publications | CPD & Training | Quality Assurance | Technical Support |
|---|-----------|-------------|------------|-------------------------|----------------|-------------------|-------------------|

- (xi) Arranging for another person to act as a director or secretary of a company, a partner of a partnership
- (x) Acting as a trustee of an express trust or performing the equivalent function for a waqf
- (xi) Arranging for another person to act as a trustee of an express trust or performing the equivalent function for a waqf
- (xii) Acting as a nominee shareholder for another person
- (xiii) Arranging for another person to act as a nominee shareholder for another person
-
- (xiv) Providing a registered office, business address or accommodation, correspondence or administrative address for a company, partnership, trust or waqf

Declaration

I confirm that I have the authority to submit this form on behalf of the reporting entity I have reviewed the answers and information and I confirm that I am satisfied that, to the best of my knowledge, after undertaking all reasonable inquiries, all answers are true and correct.

Member Information

| | |
|-----------------|----------------------|
| Date : | <input type="text"/> |
| Full Name : | <input type="text"/> |
| Membership No : | <input type="text"/> |
| Position: | <input type="text"/> |
| Email address: | <input type="text"/> |



Form B | Offsite Monitoring Questionnaire for Reporting Firm

1. Reporting Firm

- 1.1 Name of the Reporting Firm: (Mention firm name)
- 1.2 Period of Form B of the Annual Return: (Mention the period 'from - to', information in Form B covers)
- 1.3 Date of last submitted Form B of Annual Return (if any): (Date)
- 1.4 Date of Institute's last AML/CFT review of the Reporting Firm: (Date)
- 1.5 Has the Reporting Firm been asked to provide AML/CFT relating information to FMU/ Government agencies/ court of law? Yes No

2. INHERENT VULNERABILITIES

2.1 Entity Characteristics

- 2.1.1 What is the annual pre-tax revenue of the Reporting Firm (PKR):(select one)?
- Upto Rs 3 million;
- Above Rs 3 million to Rs 50 million;
- Above Rs 50 million to Rs 100 million;
- Above Rs 100 million to Rs 500 million
- Above Rs 500 million to Rs 1 billion;
- Above Rs 1 billion

- 2.1.2 For the purposes of serving its clients, does the Reporting Firm maintain ongoing relationships with regulated financial institutions or other regulated professional service providers (e.g. referrals)?¹ Yes No

Check all that apply

- Banks
- Securities dealers/brokers/advisers
- Insurance companies and brokers
- Legal professionals
- Accounting professionals
- Trust and company service providers

- 2.1.3 How many clients has the entity served in the past year?

2.2 Products and Services

- 2.2.1 Does the Reporting Firm offer any of the following products or services? Yes No

Check all that apply

- Sale of pre-formed companies to clients (shelf companies)
- Formation of companies to hold assets
- Formation of companies as layers in an ownership structure
- Formation of companies with complex or opaque ownership
- Acting as a nominee director of a client's company
- Arranging for another person to act as a nominee director of a client's company
- Formation of trusts as layers in an ownership structure
- Formation of trusts with complex or opaque structures
- Formation of trusts with undefined beneficiaries or classes of beneficiaries
- Acting as the trustee of a client's trust
- Arranging for another person to act as a trustee of a client's trust
- Formation of waqf as layers in an ownership structure
- Formation of waqf with complex or opaque structures
- Formation of waqf with undefined beneficiaries or classes of beneficiaries
- Acting as the trustee of a client's waqf

¹This does not include business operating accounts at financial institutions or professional services acquired for the functioning of the entity itself (e.g. legal advice to the entity, accountancy services for the entity, etc.).

- Arranging for another person to act as a trustee of a client's waqf
- Formation of companies, trusts or waqfs in jurisdictions outside Pakistan
- Providing a registered office or a business address, a correspondence address, or an administrative address for a company, or a partnership, or any other legal person or arrangement
- Managing client funds (other than sums paid as fees for professional services), accounts, securities, or other assets
- Operational of pooled accounts of client funds
- Transfer of beneficial interest in land or other real estate property
- Transaction on behalf of a client in relation to creating, operating, and managing a company or trust/waqf.
- Transaction on behalf of any other person in relation to the buying, transferring, or selling of a company or trust/waqf

- 2.2.2 What percentage of the entity's business do the products and services listed above represent?
- 0% (None)
- 1%-25%
- 25%-50%
- 50%-75%
- 75%-100%

2.2.3 How many transactions (payment for services by a client) are processed each year on average?

2.2.4 How many of the following entities have been formed?

| | Number of entities | | | |
|---|----------------------------|------------------------------|-------------------------------|------------------------------|
| | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |
| Companies | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |
| Trusts (excluding NGOs) | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |
| Waqf | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |
| Partnerships | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |
| NGOs (including charitable trusts, societies and other charitable entities) | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |
| Other [Please specify] | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |

2.2.5 If Reporting Firm rendered the services by arranging for a person to act as a director or trustee in relation to companies or trusts/waqfs? Please mention the number of:

Nominee directorship roles: *[Number]*

Trustee roles: *[Number]*

2.2.6 If the Reporting Firm has provided a registered office or a business address, a correspondence address, or an administrative address for a company, trust, waqf or a partnership, or any other legal person or arrangement. Please mention how many?

| | Number of entities | | | |
|-------------------------|----------------------------|------------------------------|-------------------------------|------------------------------|
| | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |
| Companies | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |
| Trusts (excluding NGOs) | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |
| Waqf | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |

| | | | | |
|---|----------------------------|------------------------------|-------------------------------|------------------------------|
| Partnerships | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |
| NGOs (including charitable trusts, societies and other charitable entities) | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |
| Other [Please specify] | 0 <input type="checkbox"/> | 1-5 <input type="checkbox"/> | 6-15 <input type="checkbox"/> | 25+ <input type="checkbox"/> |

2.2.7 If the Reporting Firm has managed client funds (other than sums paid as fees for professional services), accounts, securities, or other assets. Check estimated value of funds managed.

(Rupees)

| | | | |
|----------------------------|--------------------------------------|--|-------------------------------------|
| 0 <input type="checkbox"/> | 1 - 100,000 <input type="checkbox"/> | 101,000 - 1,000,000 <input type="checkbox"/> | 1,000,000+ <input type="checkbox"/> |
|----------------------------|--------------------------------------|--|-------------------------------------|

2.2.8 If Reporting Firm provided services by engaging in or giving instructions on behalf of a client to another person:

- (a) A transfer of beneficial interest in land or other real estate property.
- (b) A transaction on behalf of any person in relation to the buying, transferring, or selling of a business or legal person (for example, a company) or any other legal arrangement.
- (c) A transaction on behalf of a client in relation to creating, operating, and managing a legal person (for example, a company) or any other legal arrangement.

Estimate the total value of the transactions listed above (excluding your professional fees):
(Check that applies)

(Rupees)

| | | | |
|----------------------------|--------------------------------------|--|-------------------------------------|
| 0 <input type="checkbox"/> | 1 - 100,000 <input type="checkbox"/> | 101,000 - 1,000,000 <input type="checkbox"/> | 1,000,000+ <input type="checkbox"/> |
|----------------------------|--------------------------------------|--|-------------------------------------|

2.3 Nature of Client Relationships

2.3.1 Does the Reporting Firm maintain ongoing client relationships? Yes No

2.3.2 What percentage of the Reporting Firm's business are high-risk clients?

| | |
|-----------|--------------------------|
| 0% (None) | <input type="checkbox"/> |
| 1%-25% | <input type="checkbox"/> |
| 25%-50% | <input type="checkbox"/> |
| 50%-75% | <input type="checkbox"/> |
| 75%-100% | <input type="checkbox"/> |

Which sorts of high-risk clients are served? (Check all that apply)

- Domestic Politically Exposed Persons
- Foreign Politically Exposed Persons
- High Net Worth Individuals
- Corporations or trusts with opaque or complex ownership
- Clients with negative media articles

2.3.3 What percentage of the Reporting Firm's business is non-resident clients?

| | |
|-----------|--------------------------|
| 0% (None) | <input type="checkbox"/> |
| 1%-25% | <input type="checkbox"/> |
| 25%-50% | <input type="checkbox"/> |
| 50%-75% | <input type="checkbox"/> |
| 75%-100% | <input type="checkbox"/> |

If the business has foreign clients, where are these clients located (country)? List the top 5

2.4 Geographic Reach

2.4.1 Does the Reporting Firm have activities relating to high risk jurisdictions? Yes No
Check all that apply

- Iran
- Democratic People's Republic of Korea (North Korea)
- Afghanistan

- 2.4.2 Does the Reporting Firm have activities relating to countries or areas of concern? Yes No
Check all that apply
- Border Areas of Khyber Pakhtunkhwa (KP)
 - Border Areas of Balochistan
 - South Punjab
 - India
- 2.4.3 What percentage of the Reporting Firm's activities relate to the high-risk jurisdictions and areas or countries of concern outlined above? 0% (None)
 1%-25%
 25%-50%
 50%-75%
 75%-100%

2.5 Delivery Channels

- 2.5.1 Does the Reporting Firm have a non-face-to-face business model or on board clients without face-to-face interaction? Yes No
- 2.5.2 Does the Reporting Firm use third party intermediaries or agents to on board clients? Yes No
Check all that apply
- Domestic intermediaries/agents not regulated for AML/CFT compliance
 - Regulated domestic intermediaries/agents
 - Foreign intermediaries/agents
- If yes, from which countries:
- 2.5.3 Does the Reporting Firm accept any of the following types of payments? Yes No
Check all that apply
- Cash
 - Bearer cheque
 - Virtual currency/assets
 - Precious metals and stones
 - Other forms of stored value: _____

3. MITIGATING CONTROLS

3.1 Risk Assessment

Enterprise Risk Assessment

- 3.1.1 Does the Reporting Firm have a documented ML/TF risk assessment? Yes No
If yes, when was it last undertaken:
 Start Date:
 End Date:
- 3.1.2 Has the risk assessment considered different types of risk? Yes No
Check all that apply
- Customers
 - Products/Services
 - Geographic Locations
 - Delivery Channels
 - Technologies
- 3.1.3 Is the risk assessment reviewed and updated on a regular basis? Yes No
If yes, how often:

Client Risk Assessment

- 3.1.4 Does the Reporting Firm assign documented risk ratings to its clients or categories of clients? Yes No

- 3.1.5 Has the risk assessment considered different drivers of client risk? Yes No
Check all that apply
- Inherent Characteristics of the Client that Represent Higher Risk
 - Client Transaction History
 - Products/Services Used
 - Geographic Nexus
 - Delivery Channels Used
- 3.1.5 Are customer risk ratings kept up to date? Yes No
If yes, how often:
- 3.2 Policies, Procedures and Systems**
- Policies and Procedures*
- 3.2.1 Does the entity have a documented AML/CFT compliance program? Yes No
- 3.2.2 Was the AML/CFT Policy developed to mitigate risks identified in the risk assessment? Yes No
- 3.2.3 Are controls in place to prevent breaches of the AML/CFT Policy? Yes No
- Systems*
- 3.2.4 Has the Reporting Firm put in place systems to support the implementation of the AML/CFT Policy? Yes No
Check all that apply
- Automatic Systems
 - Manual Systems
- 3.2.5 Are there systems in place to carry out obligations under the AML/CFT Policy? Yes No
Check all that apply
- Identifying PEPs
 - Identifying targeted financial sanctions designated persons
 - Monitoring third party introducers or agents
 - Monitoring other professional service providers
 - Monitoring occasional customers
 - Monitoring transactions
 - Record keeping and retention
 - Applying policy changes throughout the organisation
- 3.2.6 Are the Reporting Firm's systems updated periodically? Yes No
If yes, how frequently:
- 3.3 Customer Due Diligence**
- Client Identification*
- 3.3.1 Does the Reporting Firm identify and verify all its clients' identities in the situations required by the AMLA? Yes No
- 3.3.2 Does the Reporting Firm make and keep records of customer identification? Yes No
Check all that apply
- Name
 - Address
 - Nationality and residency status
 - Occupation
 - Purpose of account
 - Third parties exerting control over the client
- 3.3.3 Does the Reporting Firm reject clients with incomplete client identification? Yes No

Corporations and Beneficial Ownership

3.3.4 Does the Reporting Firm identify its corporate clients in situations required by the AMLA? Yes No

3.3.5 Does the Reporting Firm make and keep records of corporate customer identification? Yes No

Check all that apply

- Name
- Business address
- Articles of Incorporation, Partnership Agreement, Trust Agreement etc.
- Nature of business
- Purpose of account

3.3.6 Does the Reporting Firm identify and take reasonable measures to identify all ultimate beneficial owners who own 25% or more of the corporate client? Yes No

Ongoing Due Diligence

3.3.7 Are client identification and beneficial ownership files kept up to date? If yes, how frequently are the files updated? Yes No

3.3.8 Is there ongoing due diligence to verify that transactions are consistent with the customer's risk profile? Yes No

3.3.9 Is the frequency and depth of ongoing due diligence conducted on the basis of client risk? Yes No

3.4 Enhanced Measures

Identify High Risk Clients and Situations

3.4.1 Does the Reporting Firm identify high risk clients and situations? Yes No

Check all that apply

- Foreign Politically Exposed Persons
- Domestic Politically Exposed Persons
- Legal persons with complex or opaque ownership structures
- High net worth individuals
- Non-face-to-face clients
- Professional service providers
- Non-profit organizations
- Clients seeking aggressive tax planning

3.4.2 Does the Reporting Firm identify and assess the risks of new technologies? Yes No

3.4.3 Does the Reporting Firm identify clients or transactions related to high risk countries or areas/countries of concern or the border areas of KP and Balochistan and also South Punjab? Yes No

Application of Enhanced Measures

3.4.4 Does the Reporting Firm apply enhanced mitigating controls to address high risks? Yes No

Check all that apply

- Obtaining more information (client ID, beneficial ownership, transaction purpose etc)
- Updating customer information more frequently
- Taking reasonable measures to identify the client's source of wealth and funds
- Increasing the degree and level of transactions monitoring
- Obtaining the approval of senior management of the business relationship

3.4.5 Does the Reporting Firm's senior management have ongoing oversight re: high risk clients and situations? Yes No

3.5 Targeted Financial Sanctions

Targeted Financial Sanctions Designated Persons Listings

3.5.1 Does the Reporting Firm screen clients against the UN targeted financial sanctions designated lists for terrorist financing (UNSCR 1267 and its successor resolutions)? Yes No

3.5.2 Does the Reporting Firm screen clients against national-level targeted financial sanctions lists for terrorist financing? Yes No

Which national lists are checked?

Notification/SRO by the Ministry of Interior/ NACTA or Ministry of Foreign Affairs

United States (OFAC)

United Kingdom

European Union

Other

3.5.3 Does the Reporting Firm screen clients against the UN targeted financial sanctions lists for proliferation financing (UNSCR 1718 and its successor resolutions, and UNSCR 2231)? Yes No

Targeted Financial Sanctions Screening Procedures

3.5.4 Are all new and existing clients checked/screened against designated persons sanctions lists whenever the lists are updated? Yes No

How is screening done?

Manually against the published listings

Using in-house or third-party software solutions

3.5.5 Is there an ongoing customer screening /filtering process (automated or manual) for the designated persons sanctions lists? Yes No

What frequency is the client database screened?

Multiple times per day

Once a day

Once a week

Once a month

Other timeframe: _____

Client database is not scanned on an ongoing basis

3.5.6 Are beneficial owners checked against the designated persons sanctions lists? Yes No

Targeted Financial Sanctions Matches

3.5.7 Does the Reporting Firm maintain records of name matches against targeted financial sanctions designated persons lists? Yes No

Check all that apply

Records are maintained of all true matches

Records are maintained of all false positives

3.5.8 Does the Reporting Firm have policies in place to determine whether matches against the designated persons sanctions lists are true hits? Yes No

3.5.9 Does the Reporting Firm have policies in place to report any positive matches against the designated person's sanctions lists to the competent authorities? Yes No

Have any designated financial sanctions name matches been reported?

True matches have been reported to competent authorities

True matches have not been reported to competent authorities

No true matches have been determined

3.6 Suspicious Transaction Reporting

Transaction Monitoring

3.6.1 Does the Reporting Firm monitor for suspicious transactions/activity? Yes No
Check all that apply
 Manually
 Automatically

3.6.2 Does the Reporting Firm have expected turnaround times to analyse suspicious transactions/ relationships ? Yes No
If yes, what is the expected turnaround time from the time the transaction is processed:

3.6.3 Does the Reporting Firm have a designated person responsible for filing suspicious transaction/ relationships reports? Yes No

Suspicious Transactions Reported

3.6.4 Has the Reporting Firm reported suspicious transactions/relationships to the FMU? Yes No

*If yes, how many STRs have been filed:
 How many CTRs have been filed:*

3.6.5 Does the Reporting Firm report suspicious attempted transactions/ relationships that were not completed or rejected? Yes No

3.6.6 Does the Reporting Firm file STRs even when it does not suspect a specific crime that the transaction/ relationships may be related to? Yes No

3.7 Internal Controls

Compliance Officer

3.7.1 Has the Reporting Firm appointed a compliance officer with responsibility for the implementation of the AML/CFT Policy and compliance program? Yes No

3.7.2 Is the compliance officer at a management level? Yes No

3.7.3 Does the compliance officer have access to all client and business files and records? Yes No

Training

3.7.4 Does the Reporting Firm have an AML/CFT training program? Yes No
How is the training developed (check all that apply)
 Developed in-house
 Sourced from third parties

3.7.5 Does the training program cover the entirety of the AML/CFT compliance program? Yes No
What does the training program cover (check all that apply)
 Responsibilities of the entity and its employees under the AMLA/Regulations
 Internal policies, procedures and processes
 How to identify and report suspicious transactions to the FMU
 Common methods used by money launderers and terrorist financiers

3.7.6 Does every employee with AML/CFT responsibilities receive training? Yes No
Who receives AML/CFT training (check all that apply)
 New recruits
 Frontline employees with customer interface
 AML/CFT Compliance Officer and staff



Back office staff
Audit
Senior management
Board members

Audit

3.7.7 Is there an independent evaluation of the AML/CFT compliance program? (e.g. internal audit, independent audit) Yes No

What frequency is audit?

Every year
Every two years
Other timeframe: _____

3.7.8 Does the audit program review all elements of the AML/CFT compliance program? Yes No

Check all that apply

Does the audit function assess compliance with applicable laws, regulations and guidelines?

Does the audit function examine the adequacy of customer due diligence policies, procedures and processes?

Does the audit function perform testing (client files, unusual/suspicious transaction files, targeted financial sanctions name match files, etc.)?

3.7.9 Does the audit function examine the integrity and accuracy of information management and information technology systems used in the AML/CFT compliance program (including transaction monitoring systems if applicable)? Yes No

Declaration and signature

I confirm that I have the authority to submit this form on behalf of the Reporting Firm (name of the firm). I have reviewed the answers and information and I confirm that I am satisfied that, to the best of my knowledge, after undertaking all reasonable inquiries, all answers are true and correct.

Date:

Signature:

Full name:

Position:

Legal Privileges Available to Cost and Management Accountants*

| Sr. | Description | Legal Statute | Relevant Section / Rule |
|-----|---|--|--|
| 1 | To act as an Auditor in case of a private limited company having paid up capital up to Ten million | Companies Act, 2017 | Section 247(b) |
| 2 | Appointment as Special Auditors by FBR for Income Tax Audit | Income Tax Ordinance, 2001 | Section 177 (10) Income Tax Ordinance, 2001 |
| 3 | Appointment as Special Auditors by FBR Sales Tax Audit | Sales Act, 1990 | Section 32-A of Sales Act, 1990, & SRO 539(1)/2006 dated 5th June, 2006 |
| 4 | To perform Audit of Cost Accounts as an Auditor | Companies Act, 2017 | Section 250(1) |
| 5 | Audit & Certification of Accounts of Non Profit Organizations | Income Tax Rules, 2002 | Income Tax Rules, 2002 notified through SRO 774 dated 29th July, 2006 |
| 6 | Audit of Financial Statements for Agricultural Borrowers | Prudential Regulations for Agriculture Financing 2014 | Part C, Regulations R-20 |
| 7 | Audit of Financial Statements of SMEs | Prudential Regulations for Small and Medium Enterprises Financing 2013 | Chapter No. 3, Regulation ME R-4 |
| 8 | Audit of Financial Statements of Corporate and Commercial Banks | Prudential Regulations for Corporate / Commercial Banking 2011 | Part B, Regulations R-3 |
| 9 | To Act as Legal Representative of Taxpayer | Income Tax Ordinance, 2001 Income Tax Rules, 2002 | Sec 223 Income Tax Ordinance, 2001 Rules 84-90 Chp XIV if Income Tax Rules, 2002 |
| 10 | Delegation of Function by Assets Management Companies | SECP Circular, 2013 | No.24/2013 dated December 06, 2013 |
| 11 | Declaration for Registration of Memorandum | Companies Rules, 1985 | Rule 4 (2) (ii) |
| 12 | Appointment as Committee Member on Custom matters | Customs Act, 1969 | Section 195 C(2) |
| 13 | Appointment as Member of Settlement Commission on Custom matters | Customs Act, 1969 | Section 196 K(3) |
| 14 | Appointment as Accountant Member of the Appellate Tribunal | Anti-Dumping Duties Ordinance, 2015 | Rule 65(1)(a), No.2((1)/2015-Pub dated February 26, 2015 |
| 15 | To Act as Legal representative in Anti-Dumping Tribunal | Anti-Dumping Duties Ordinance, 2015 | No.2((1)/2015-Pub dated February 26, 2015 |
| 16 | To Act as Member of Small Dispute Resolution Committee | Small Dispute Resolution Committees (Constitution and Procedure) Rules, 2015 | Section 4(1)(b) |
| 17 | To act as an Expert in the Companies Act, 2017 | Companies Act, 2017 | Section 2(30) |
| 18 | To act as Certifier in the memorandum and articles | Companies Act, 2017 | Section 17(3) |
| 19 | To act as Auditor for making report in case of return as to allotments | Companies Act, 2017 | Section 70(b) |
| 20 | To act as an Intermediary in terms of Section 455 of the Companies Act, 2017 | Intermediaries (Registration) Regulations, 2017 | Section 3(i)(b) |
| 21 | To act as an Internal Auditor in the listed companies | Code of Corporate Governance | Code of Corporate Governance |
| 22 | To carry out the Audit of Separated Accounts | PTA Accounting Separation Guidelines, 2007 | Sub-Clause 9(1) |
| 23 | To act as an Expert in the Panel of Insolvency Experts | Corporate Rehabilitation Regulations, 2019 | Sub-Clause 4(ii) |
| 24 | To act as a Provisional Manager and Official Liquidator | Panel of Provisional Managers and Official Liquidators Regulations, 2019 | Sub-Clause 4(a) |
| 25 | To act as a member of ADRC | Income Tax Ordinance ,2001 | Section 134 A |

*The above furnished details are compiled to the best of our knowledge, however, Worthy Members are encouraged to provide their inputs and feedback on the above information.

TECHNICAL SUPPORT & PRACTICE DEVELOPMENT COMMITTEE