

FRAMEWORK FOR REGULATION AND SUPERVISION  
OF COST AND MANAGEMENT ACCOUNTANTS (CMAs)  
TO COMPLY WITH THE REQUIREMENTS OF ANTI-  
MONEY LAUNDERING AND COUNTERING THE  
FINANCING OF TERRORISM (AML & CFT)

(THE AML FRAMEWORK)

Updated to  
[July, 2020]

**INSTITUTE OF COST AND MANAGEMENT ACCOUNTANTS  
OF PAKISTAN**

**FRAMEWORK FOR REGULATION AND SUPERVISION OF COST AND MANAGEMENT ACCOUNTANTS  
TO COMPLY WITH THE REQUIREMENTS OF ANTI-MONEY LAUNDERING (AML) AND  
COUNTERING THE FINANCING OF TERRORISM (CFT)**

ICMA Pakistan, under section 5(7)(a) of the Anti-Money Laundering (AML) Act, 2010 (the AML Act) 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 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.

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 in its 382<sup>nd</sup> meeting held on December 30, 2019 & February 13, 2020, 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) which 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**.



**Zia-ul-Mustafa, FCMA**  
President

## PREAMBLE

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.

In the recently concluded FATF Mutual Evaluation Report of Pakistan (issued in October 2019) Pakistan's Designated Non-Financial Businesses and Professions (DNFBPs), including the accountancy sector has been evaluated as 'Non-Compliant' with the requirements set out in the FATF Recommendations.

The basic intent behind the AML legislation and FATF Recommendations, as it relates to accounting professionals, is consistent with their ethical obligations as professionals avoid assisting criminals or facilitating criminal activity.

The AML and CFT legislations have implications on the responsibilities of Cost and Management accountants as well, including the risk of criminal liability on Cost and Management accountants for non-compliance.

## OBJECTIVES

The Objectives of this Framework are to:

- a) Strengthen the Anti-money Laundering and Countering Financing of Terrorism (AML/CFT) regime under Pakistan's Anti-Money Laundering legislation;
- b) Provide requirements of AML/CFT to the Institute's members based on the FATF Recommendations, for establishing AML/CFT system, policies and procedures for mitigating, managing and detecting money laundering and the financing of terrorism;
- c) Prescribe the AML/CFT monitoring, supervision and validation mechanism of the Institute as an AML/CFT Self-Regulatory Supervisor, based on the FATF Recommendations; and
- d) Enhance Pakistan's reputation by increased compliance with the FATF Recommendations and contribute to public confidence in the accountancy profession.

## ABOUT ICMA PAKISTAN

ICMA Pakistan [hereinafter referred to as 'Institute'] is a leading statutory professional body of accountants in Pakistan established under the Cost and Management Accountants Act, 1966. Its functions are established under the Cost and Management Accountants Act of 1966 and Cost and Management Accountants Regulations of 1990.

The Institute is one of the founding members of International Federation of Accountants (IFAC); Confederation of Asian and Pacific Accountants (CAPA), South Asian Federation of Accountants (SAFA) and the only member of International Integrated Reporting Council (IIRC) from Pakistan.

The Institute has also issued a Code of Ethics that sets out clear expectations and requirements of ethical conduct by the members as well as those serving the Institute in various capacities. The Code of Ethics intends to promote transparency; highest standards of ethical conduct; and maintain status and standards of professional qualifications.

## ICMA PAKISTAN AS AML/CFT REGULATOR/SUPERVISOR OF ITS MEMBERS

The Institute, under section 5(7)(a) of the AML Act, 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 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.

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. The Financial Monitoring Unit (FMU) has issued Anti-Money Laundering and Combating Financing of Terrorism Guidelines for Designated Non-Financial Business Professions (FMU Guidelines). The FMU has instructed the AML/CFT Regulator/Supervisor, including the Institute, to follow these guidelines for issuing their own AML/CFT regulations/framework.

The scope of the Institute's "Framework for Regulation and Supervision of Cost and Management Accountants to Comply with Anti-Money Laundering and Countering the Financing of Terrorism Requirements" (the AML Framework) is given in the next sub-sections.

The FMU Guidelines also require that the Institute shall prevent criminals as well as persons proscribed and their known associates as designated under United Nations (Security Council) Act 1948 and/or Anti-Terrorism Act 1997 from becoming professionally accredited or holding a management function in or becoming a beneficial owner of the Firms.

## SCOPE OF THE AML FRAMEWORK

This AML Framework deals with the responsibilities of the Institute's members in practice (i.e. Cost and Management Accountant(s) practicing as sole- proprietors or as a partnership of the members of the Institute or having a certificate of management consultancy), that in the ordinary course of business are engaged in the rendering of "Accountants" and "Trust and Company Service Providers" services, specified in the FATF Recommendations.

### DEFINITIONS

For the sake of clarity, the words and phrases below, as used in this Framework, have the following meaning:

- (i) **"Accountant"** means sole practitioners, partners or employed professionals within professional firms when they prepare for or carry out transactions for their client concerning:
- the buying and selling of real estate;
  - buying and selling of business entities;

- the managing of client money, securities or other assets;
- the opening or management of bank, savings or securities accounts;
- the organisation of contributions necessary for the creation, operation or management of companies; or
- creation, operation or management of legal persons or arrangements

**Explanation:** The term “Accountants” is not meant to refer to ‘internal’ professionals that are employees of other types of businesses, nor to professionals working for government agencies, who may already be subject to AML/CFT measures.

(ii) **“AML Act”** - means the Anti-Money Laundering Act, 2010 (VII of 2010).

(iii) **“AML & CFT Regulator/Supervisor”**- means designated regulatory or supervisory authority for relevant DNFBPs who are members of it, or regulated or supervised by it.

(iv) **“Beneficial owner”** means the natural person who ultimately owns or controls a customer or the person on whose behalf a transaction is being conducted and includes legal heir(s) and the person who exercise ultimate effective control over a person.

(v) **“Customer Due Diligence”** or CDD – means

- (a) Identifying the customer and verifying the customer’s identity on the basis of documents, data or information obtained from customer and/or from reliable and independent sources;
- (b) Identifying, where there is a beneficial owner who is not the customer, the beneficial owner and taking adequate measures, to verify his identity so that the DNFBP is satisfied that it knows who the beneficial owner is, including, in the case of a legal person, trust or similar legal arrangement, measures to understand the ownership and control structure of the person, trust or arrangement;
- (c) Understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship; and
- (d) Monitoring of accounts/ transactions on ongoing basis to ensure that the transactions being conducted are consistent with the DNFBP’s knowledge of the customer, their business and risk profile, including, where necessary, the source of funds and, updating records and data/ information to take prompt action when there is material departure from usual and expected activity through regular matching with information already available with the DNFBP.

(vi) **“CTR”** - means report on currency transactions exceeding such amount as may be specified by the National Executive Committee by notification in the official Gazette.

(vii) **“DNFBPs”** - means Designated Non-Financial Businesses and Professions as defined in the AML Act.

(viii) **“Enhanced Due Diligence”** or EDD - means diligence in addition to CDD and may be carried out in case of high-risk customers.

(ix) **“Firm”** – means and includes Reporting Firms and Practicing Firms.

(x) **“FMU”** - means the Financial Monitoring Unit established under section 6 of the AML Act.

(xi) **“Legal Person”** - means body of persons or an entity (as a corporation, company, Non-Profit Organization (NPO), Non-Governmental Organization (NGO), Trust, Charity, Society, Association, club etc., established under any law and considered as having many of the rights and responsibilities of a natural person and especially the capacity to sue and be sued.

(xii) **“Member in Practice”** – means a member of the Institute having Certificate of Practice (COP) and:

(a) Practicing as a "Cost and Management Accountant" individually (i.e. as a sole-proprietor) or in partnership with cost and management accountants.

(b) Practicing as a "Management Consultant".

(xiii) **“Person”** - includes an individual, association, authority, company, firm, institutions, partnership, society, trust or other entities.

(xiv) **“Politically exposed persons”** or **“PEPs”** - means any person entrusted with a prominent public function by the State of Pakistan, a foreign country or an international organization and includes Heads of state or government, and members and senior officials of legislature, judiciary, executive, military and regulatory authorities, and senior executives of corporations, departments or bodies that are owned or controlled by the state.

(xv) **“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 below.

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

(xvii) **“Risk”**- refers to risk associated with money laundering, financing of terrorism and proliferation finance;

(xviii) **“STR”** - means the report on suspicious transaction specified under Section 7 of the AML Act 2010.

(xix) **“Trust and Company Service Provider”** – means a Member in Practice providing the following services:

(a) Forming companies or other legal persons;

(b) Acting, or arranging for another person to act:

(i) as a director or secretary of a company;

(ii) as a partner of a partnership; or

(iii) in a similar capacity in relation to other legal persons;

(c) Providing a registered office, business address, correspondence or administrative address or other related services for a company, partnership or any other legal person or legal arrangement; and

(d) Acting, or arranging for another person to act, as a trustee of an express trust or similar legal arrangement.

## AML/CFT REQUIREMENTS

1. 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.

## EFFECTIVE DATE

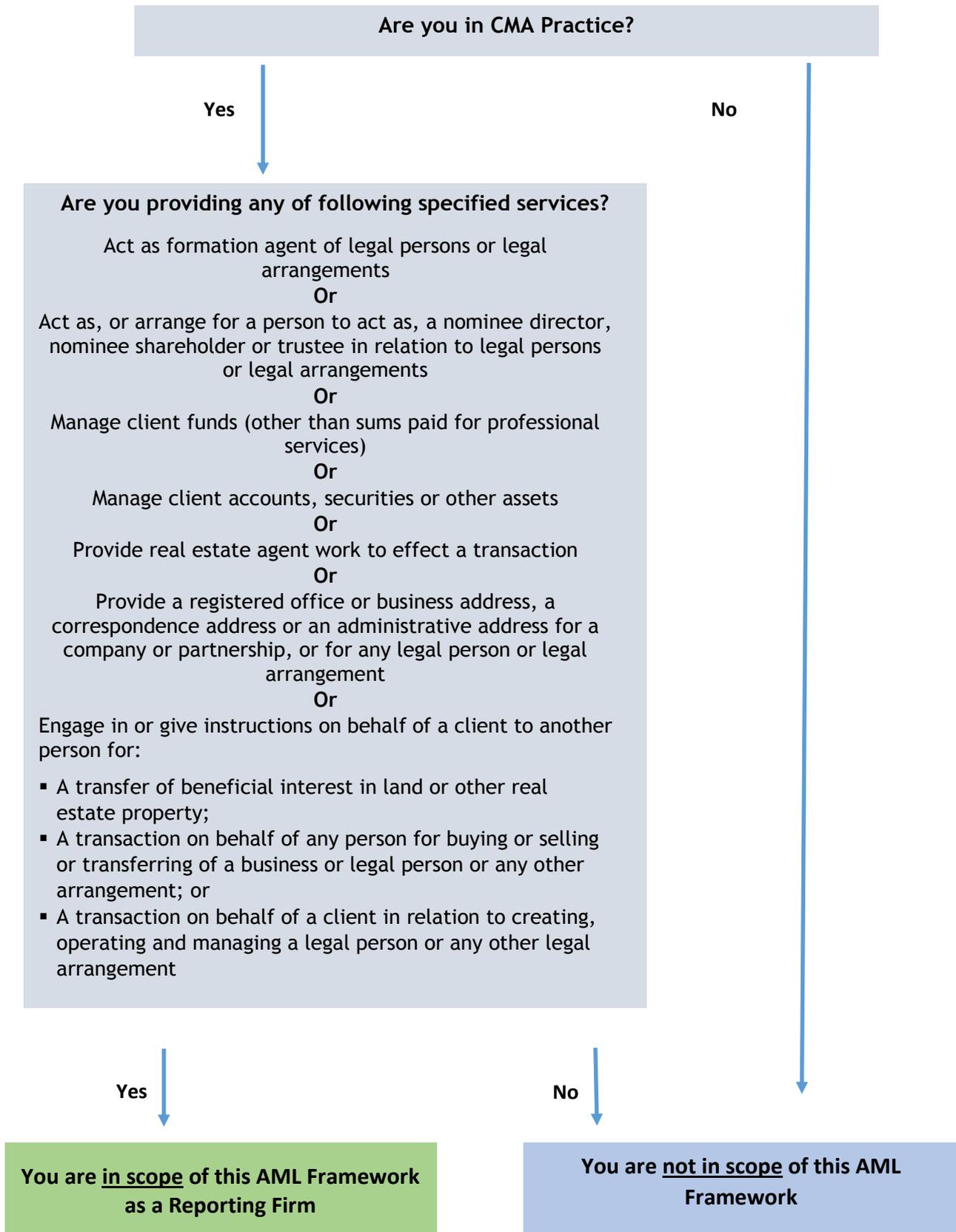
The AML Framework is effective from March 01, 2020.

## TRANSITIONAL PROVISIONS

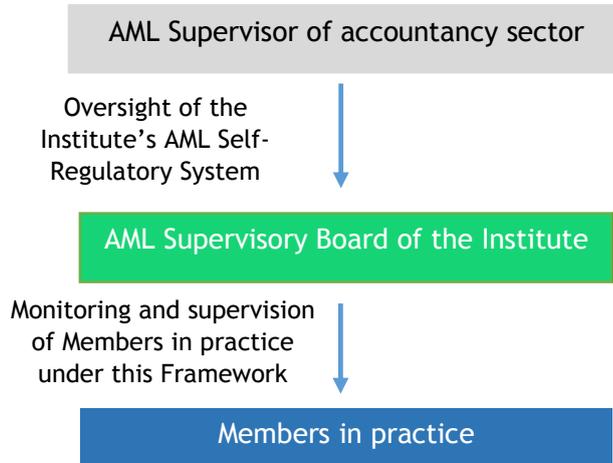
6. The transitional provisions of the AML Framework would be applicable, as explained below:

- (a) The existing clients mean those clients of the Reporting Firms to which the services of Accountant or Trust and Service Company Services are being provided as of the effective date of this Framework. The new clients mean clients of the Firm with which business relationship is established on or after the effective date of this Framework.
- (b) The Reporting Firms shall apply the customer due diligence measures on all existing clients, in accordance with this Framework. The customer due diligence measures include screening of existing clients for identification of any proscribed or designated person. Further, the Reporting Firms shall document and retain the record of the customer due diligence measures.
- (c) The Reporting Firms, in case of any adverse customer due diligence of the existing clients, shall follow the relevant requirements of the AML Framework.
- (d) All Firms shall submit 'Form A' of Annual Return as mentioned in paragraph (65), based on their existing clients (i.e. clients as of the effective date of the Framework) and new clients (i.e. clients on or after the effective date of the AML Framework to June 30, 2020). The Form A shall be submitted by July 31, 2020.
- (e) All Reporting Firms shall submit 'Form B' of Annual Return as mentioned in paragraph (65), for all existing clients (i.e. clients as of the effective date of the Framework) and new clients (i.e. clients on or after the effective date of the AML Framework to June 30, 2020). The Form B shall be submitted by August 15, 2020.
- (f) The Reporting Firms would be subject to the first annual review under the AML Framework, based on the Form B submitted above. Section V of the AML Framework would be applicable, under the transitional provisions to the Firms.

**FLOW CHART - SCOPE OF THIS FRAMEWORK**

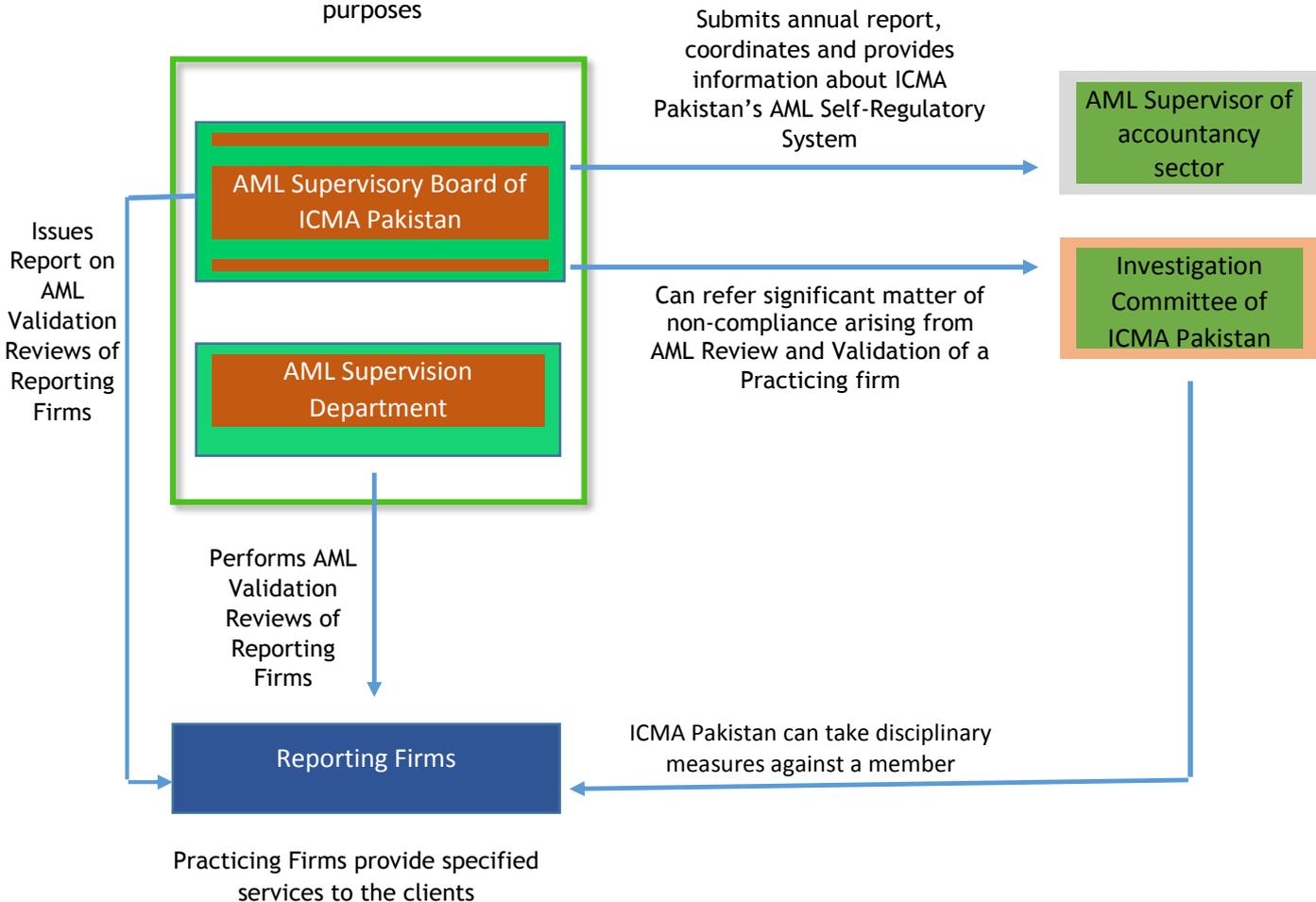


## AML SUPERVISOR MODEL

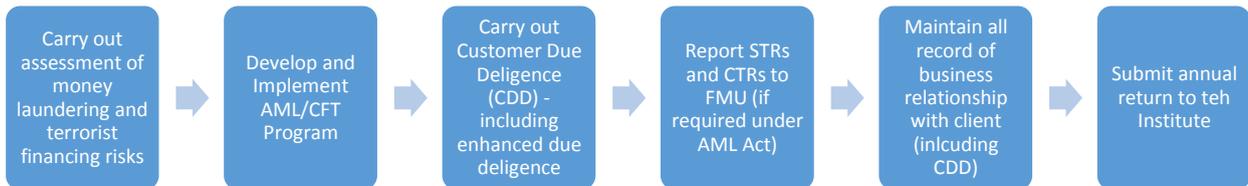


## ICMA Pakistan's AML SELF-REGULATORY SYSTEM

ICMA Pakistan supervises and monitors the Practicing Firms for AML/CFT purposes



## OBLIGATIONS OF THE REPORTING FIRMS



## SECTION I

### AML/CFT PROGRAMME AND RISK ASSESSMENT

1. The Reporting Firm shall develop and implement internal policies, procedures and controls to assess, manage and mitigate money laundering and terrorist financing risks.
2. For assessing, managing and mitigating the money laundering and terrorist financing risks, the policies, procedures and controls shall include the following:
  - a) Risk assessment and management;
  - b) Compliance management;
  - c) Employee hiring and ongoing training;
  - d) Customer due diligence;
  - e) Records keeping; and
  - f) Reporting.
3. The risk-based approach (RBA) is an effective way to combat money laundering and terrorist financing. The Reporting Firm shall apply risk-based approach to identify, assess, manage and mitigate their ML/TF risks.
4. By adopting the risk-based approach, the Reporting Firms shall be able to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified. The Reporting Firm need to take into account the latest National Risk Assessment, for developing and updating its risk assessment and AML/CFT Programme.
5. The Reporting Firm shall identify and assess ML/TF risks in relation to:
  - a) its customer (i.e. clients);
  - b) jurisdictions or countries clients are from or in;
  - c) the jurisdictions or countries the reporting firm has operations or dealings in; and
  - d) the products, services, transactions and delivery channels of the Reporting Firm.
6. The nature and extent of any assessment of ML/TF risks shall take into account the type of business, nature of clients and size of operations of the Reporting Firm.
7. The type and extent of the reporting firm's policies, procedures and controls in each of the areas described in paragraph (2), above, shall be appropriate having regard to the risk of ML/TF and the size

and nature of the business. Some of the factors to be considered include:

- a) The nature, scale and complexity of the reporting firm's business;
- b) The diversity of a reporting firm's operations, including geographical diversity;
- c) The reporting firm's client, product and activity profile;
- d) The volume and size of the transactions;
- e) The degree of risk associated with each area of the reporting firm's operations; and
- f) The extent to which the reporting firm is dealing directly with the client or is dealing through intermediaries, third parties, correspondents, or non-face to face access.

8. The Reporting Firm shall also:

- a) monitor the implementation of those policies, controls and procedures;
- b) regularly review the policies, controls and procedures and enhance them, where necessary; and
- c) ensure that the policies, controls and procedures are approved by senior management.

9. The policies and procedures shall include adequate screening procedures to ensure high standards when hiring employees.

10. The Reporting Firm shall communicate the internal policies, procedures and controls established to address the ML and TF concerns to its partners and employees (i.e. the professional staff).

11. The Reporting Firm shall maintain a record in writing of:

- a) the approved risk assessment, policies, controls and procedures;
- b) any changes to those policies, controls and procedures made as a result of the Institute's supervisory AML/CFT review; and
- c) the steps taken to communicate those policies, controls and procedures, or any changes to them, to the professional staff.

12. The Reporting Firm shall establish and implement an on-going training program for relevant staff. It shall also be ensured that all levels of professional staff have undergone such training and a written record is maintained.

13. Refresher training should be held at least once every two (2) years, or more regularly where there have been significant developments such as new regulatory requirements or changes to key internal

processes.

14. The Reporting Firm having regard to the risk of money laundering and terrorist financing and the size of its business should:

- (a) Develop appropriate compliance management arrangements to monitor the Reporting firm's compliance with its AML/CFT policy and procedures. This includes the appointment of a compliance officer at the management level.
- (b) Establish a function that regularly assesses the effectiveness of the firm's internal policies, procedures and controls, and its compliance with AML/CFT requirements.

15. The Reporting Firm in relation to the specified services shall:

- (a) identify and assess the money laundering and terrorism financing risks that may arise in relation to the development of new services, business practices including delivery mechanisms and the use of new or developing technologies for both new and existing services and practices; and
- (b) formulate policies, procedures and controls taking into consideration money laundering and financing of terrorism threats that may arise from the new business practices or use of new or developing technologies, especially those having features of anonymity.

16. The senior management of the Reporting Firm shall be responsible for the effective implementation of the firm's policies, procedures and controls established for the risk assessment, management and mitigation of money laundering and terrorist financing risks.

"Senior management" includes:

- a) A sole proprietor of the Reporting Firm;
- b) Individual holding the position of chief executive officer/ managing partner, chief operating officer in a Reporting Firm;
- c) Individual holding the position of AML/CFT Compliance Officer in a Reporting firm;
- d) A partner or employee of the reporting firm with sufficient knowledge of the Reporting Firm's money laundering and terrorist financing risk exposure, and of sufficient authority, to take decisions affecting its risk.

## SECTION II

### CUSTOMER DUE DILIGENCE

17. The Reporting Firm shall apply customer due diligence measures when it:

- (a) establishes a business relationship; (The customer due diligence measures shall be applied to all new clients);
- (b) notices a significant change in the nature of business relationship or the ownership and control structure of the client's business;
- (c) suspects money laundering or terrorist financing; or
- (d) doubts the veracity or adequacy of documents or information previously obtained for the purposes of identification or verification.

18. The Reporting Firm shall verify the identity of the client and beneficial owner (whether permanent or occasional, and whether natural or legal person or legal arrangements) before or during the course of establishing a business relationship.

The Reporting Firm can complete verification after the establishment of the business relationship, provided that:

- (a) The ML/TF risks are effectively managed;
- (b) It is essential to not interrupt the normal conduct of business; and
- (c) The verification procedures are completed as soon as reasonably practicable

19. The following customer due diligence measures shall be performed:

- (a) Identifying the client;
- (b) Identifying the beneficial owner;
- (c) Verifying the client's and beneficial owner's identity using reliable and independent source documents, data or information, and taking reasonable measures, such that the firm is satisfied that it knows who the beneficial owner is. For legal persons and arrangements, this shall include firms understanding of the ownership and control structure of the client;
- (d) Understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship; and
- (e) Conducting ongoing due diligence on any continuing business relationship and scrutiny of transactions (if any) undertaken throughout the course of that relationship to ensure that the services provided under the business relationship are consistent with the Reporting Firm's

knowledge of the client, their business and risk profile, including, where necessary, the source of funds.

20. The Reporting Firm shall also identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons using the relevant information or data obtained from reliable, independent sources.

The Reporting Firm shall:

(a) For legal persons:

- (i) Identify the natural persons (whether acting alone or together) who ultimately own the legal person;
- (ii) To the extent that there is doubt under (i) as to whether the natural persons who ultimately own the legal person are the beneficial owners or where no natural persons ultimately own the legal person, identify the natural persons (if any) who ultimately control the legal person or have ultimate effective control of the legal person; and
- (iii) Where there is doubt under (ii) as to whether the natural person(s) who ultimately own or have controlling ownership interest in the legal person are the beneficial owners or where no natural persons ultimately own or exert control through ownership interest in the legal person, identify the natural persons (if any) who ultimately control the legal person or have ultimate effective control of the legal person; and
- (iv) Where no natural persons are identified under clause (ii) or (iii), identify the natural persons having executive authority in the legal person, or in equivalent or similar positions.

(b) For legal arrangements:

- (i) Trusts – identify the settlors, the trustees, the protector (if any), the beneficiaries (including every beneficiary that falls within a designated characteristic or class), and any natural person exercising ultimate ownership, ultimate control or ultimate effective control over the trust (including through a chain of control or ownership).
- (ii) Other types of legal arrangements – identify persons in equivalent or similar positions, as those described under (i) above.

21. The Reporting Firm shall:

- (a) Verify the identity of person purporting to act on behalf of a client; and
- (b) Obtain and verify evidence to determine authority of such person to act on behalf of the client. Such evidence shall include documentary evidence that the client has appointed the person to act on its behalf and the specimen signature of the person appointed.

22. The Reporting Firm shall verify identification document about a client and beneficial owner from relevant authorities and bodies (including, various online registers available for the identification and verification of entities). Further, where necessary Reporting Firm shall use other reliable independent sources for verification of client and beneficial owner. The Reporting Firm shall retain copies of all reference documents used for identification and verification.
23. The documentary record of all reference source documents, data or information used to verify the identity of the client or the beneficial owner shall be retained. Where the client is unable to produce original documents, the Reporting Firm may consider accepting documents that are certified to be true copies by an independent and qualified person (such as a network firm, a notary public, or an external law firm).
24. The Reporting Firm shall also obtain information and examine, as far as possible the background and purpose of all complex and unusual transactions, which have no apparent economic or visible lawful purpose and the background and purpose of these transactions shall be inquired and findings shall be documented with a view of making this information available to the relevant competent authorities when required.
25. The Reporting Firm shall not establish or maintain business relationship through/under anonymous contact details or fictitious names.
26. The Reporting Firm shall not establish a business relationship with following entities and/or individuals:
  - (a) Persons designated under UN Security Council Resolutions.
  - (b) Persons proscribed under the Anti-Terrorism Act, 1997 (XXVII of 1997).
  - (c) Persons acting on behalf of or at the direction of, above (a) and (b).

The criteria for designation have been specified in various UN Security Council (UNSC) Resolutions including among others (i) Security Council resolutions 1267 (1999), 1989 (2011) and their successor resolutions; and (ii) Security Council Resolution 1373 (2001).

The implementation of the UN Security Council Resolutions is an international legal obligation for all Member States of the United Nations. The UN Security Council Resolutions relating to its sanctions regime are implemented in Pakistan through the United Nations (Security Council) Act, 1948 (Act No. XIV of 1948). Under this Act, the Ministry of Foreign Affairs issues Statutory Regulatory Orders (S.R.Os) to give legal effect in Pakistan to the decisions of the UN Security Council.

The Ministry of Interior / National Counter Terrorism Authority issues notifications of prescribed individuals /entities pursuant to the Anti-Terrorism Act, 1997.

27. The Reporting Firm shall scan/screen its clients, natural persons appointed to act on behalf of the client and beneficial owners of the client for any matches with the stated designated/proscribed person in the S.R.Os/notifications issued by the Ministry of Foreign Affairs, National Counter Terrorism Authority and Ministry of Interior, from time to time.

The Reporting Firm for scanning purposes may use software scanning tool(s) or utilize the information available on websites of UN, Ministry of Foreign Affairs, National Counter Terrorism Authority and Ministry of Interior. In terms of 26 (c) the Reporting Firm for identification of persons acting on behalf of or at the direction of designated / proscribed persons shall use the publicly available information.

28. The Reporting Firm, if during the screening or monitoring of clients finds a true match (i.e. the individual/entity is a designated/proscribed person) or suspects of a designated/proscribed person, shall immediately:
- (a) Freeze without delay the client's fund or block the transaction (if it is an existing client);
  - (b) Reject the client, if the relationship has not commenced;
  - (c) Lodge a STR with the FMU;
  - (d) Notify the Ministry of Foreign Affairs, in case that person is designated under United Nations Security Council Resolutions;
  - (e) Notify the National Counter Terrorism Authority, in case that person is designated under the Anti-Terrorism Act, 1997; and
  - (f) Report to AML/CFT Supervisor/Regulator in case assets are frozen or action is taken in compliance with the relevant UNSCRs prohibition requirements, including attempted transactions.
29. The Reporting Firm shall, in addition to continuous screening required under paragraph (28), apply the customer due diligence measures to existing clients on the basis of risk assessment. The due diligence on existing relationships shall be performed at appropriate times, taking into account whether and when customer due diligence measures have previously been undertaken and the adequacy of data obtained.
30. The application of customer due diligence measures does not imply that Reporting Firm has to repeatedly identify and verify the identity of each client every time the client, with an existing business relationship, enters into a new engagement with the Reporting Firm.
31. The Reporting Firm can rely on the identification and verification steps that it has already undertaken, unless it has doubts about the veracity of that information. Examples of situations that might lead to doubts could be where there is a suspicion of money laundering or terrorist financing in relation to that client, or where there is a material change in the client's activities, which is not consistent with the client's business profile.
32. If the Reporting Firm is not able to satisfactorily complete required customer due diligence measures, the Reporting Firm shall:
- (a) Not establish new business relationship;
  - (b) Terminate existing business relationship;
  - (c) Consider the evidence and circumstances to evaluate as to whether it warrants the filing of an STR; and
  - (d) Maintain a list of all such clients where the business relationship was refused or needed to be closed on account of incomplete/negative verification.

33. Where Reporting Firm during performance of customer due diligence measures suspects money laundering or terrorist financing, and it reasonably believes that performing the customer due diligence process will tip-off the client, the Reporting Firm shall:
- (a) Not pursue the customer due diligence process; and
  - (b) Shall file a STR in accordance with the applicable law.
34. The Reporting Firm is allowed to apply simplified customer due diligence measures, where low risk of money laundering and terrorist financing has been assessed.
35. The examples of possible simplified customer due diligence measures are:
- (a) Verifying the identity of the client and beneficial owner after the establishment of the business relationship;
  - (b) Reducing the frequency of client identification updates;
  - (c) Reducing the degree of on-going monitoring and scrutinizing transactions, based on a reasonable monetary threshold; and
  - (d) Not collecting specific information or not carrying out specific measures to understand the purpose and intended nature of the business relationship, but inferring the purpose and nature from the type of transaction or business relationship established.
36. Where simplified customer due diligence measures are performed, the details of the risk assessment and the nature of such measures shall be documented.
37. The simplified due diligence measures are not acceptable:
- (a) Whenever there is a suspicion of money laundering or terrorist financing; or
  - (b) Where specific higher-risk scenarios apply.
38. The Reporting Firm may rely on a third party to conduct customer due diligence on its behalf.
39. In a third-party reliance scenario, the third party will usually have an existing business relationship with the client, which is independent from the relationship to be formed between the Reporting Firm and the client. For example, where a third party introduced a new client to the Reporting Firm resulting in direct business relations between the Reporting Firm and the new client. Thus, if the third party has already performed its own customer due diligence on the new client, the Reporting Firm can then dispense with performing customer due diligence on the new client if the criteria in paragraph (41), below, are satisfied.
40. This is contrasted with an outsourcing or agency scenario, in which the outsourced entity applies the customer due diligence measures on behalf of the Reporting Firm, in accordance with its procedures, and is subject to the Reporting Firm's control of the effective implementation of those procedures by the outsourced entity. The reliance on third parties is not intended to cover such outsourcing scenarios.
41. The Reporting Firm's reliance on third party shall be subject to the following:

- (a) The Reporting Firm shall obtain immediately, the necessary information relating to identification of the client, identification of the beneficial owner and/or the nature of business of the client;
  - (b) Take steps to satisfy itself that copies of identification data and other relevant documentation relating to customer due diligence requirements will be made available by the third party upon request without delay;
  - (c) Satisfy itself that the third party is regulated, supervised or monitored for, and has measures in place for compliance with, customer due diligence and record-keeping requirements in line with this Framework; and
  - (d) Maintain data/ information confidentiality and non-disclosure agreement with the third party.
42. When a Reporting Firm relies on a third party that is part of the same group or a network, the Reporting Firm may be considered to have applied measures in paragraph 41(b) and 41(c) through its group or network programme and that paragraph 41(d) is not a necessary precondition to reliance when higher country risk is adequately mitigated by the Reporting Firm's or network's AML/CFT policies if:
- (a) That group or network applies customer due diligence and record-keeping requirements, as well as programmes against money laundering and terrorist financing, in line with standards set by the FATF; and
  - (b) The effective implementation of those customer due diligence and record-keeping requirements and AML/CFT programmes is supervised at a group or network level by a competent authority.
43. When determining in which countries the third party that meets the conditions can be based, Reporting Firm should have regard to information available on the level of country risk.
44. The Reporting Firm shall have the ultimate responsibility for customer due diligence measures and ongoing monitoring of its clients, notwithstanding the reliance upon a third party.

## SECTION III

### ENHANCED CUSTOMER DUE DILIGENCE

45. The Reporting Firm shall apply enhanced customer due diligence and monitoring measures in the circumstances where the risk of money laundering or terrorist financing is higher.
46. The Reporting Firm shall apply enhanced customer due diligence, proportionate to the risks of business relationships and transactions with natural and legal persons, countries/geographies, channels, typologies identified as high risk by FATF, National Risk Assessment, AML & CFT Supervisor and its own risk assessment.

In particular, the Reporting Firm shall increase the degree and nature of monitoring of the business relationship.

Possible circumstances where the risk of ML/TF is higher, include:

- (a) The client or potential client is a politically exposed person (“PEP”), or a family member or known close associate of a PEP;
- (b) The client or potential client is a Non-Government Organization (NGO), Not for Profit Organisation (NPO) or charity;
- (c) Business relationship or transaction established with an individual/entity in a high-risk third country;
- (d) Customer risk factors:
  - (i) The business relationship is conducted in unusual circumstances (e.g. significant unexplained geographic distance between the Reporting Firm and the client), Non-resident clients.
  - (ii) Legal persons or arrangements that are personal asset-holding vehicles.
  - (iii) Business that are cash-intensive.
  - (iv) The ownership structure of the entity appears unusual or excessively complex given the nature of the entity’s business.
- (e) Country or geographic risk factors:
  - (i) Countries identified by credible sources, such as mutual evaluation or detailed assessment reports or published follow-up reports, as not having adequate AML/CFT systems.
  - (ii) Countries subject to sanctions, embargos or similar measures issued by, for example, the United Nations.

(iii) Countries identified by credible sources as having significant levels of corruption or other criminal activity.

(iv) Countries or geographic areas identified by credible sources as providing funding or support for terrorist activities, or that have designated terrorist organizations operating within their country.

(f) Product, service, transaction or delivery channel risk factors:

(i) Anonymous transactions (which may include cash).

(ii) Non-face-to-face business relationships or transactions.

(iii) Payment received from unknown or un-associated third parties.

g) when client receives donations and is a body corporate, partnership, association or any other legal arrangement including non-governmental organizations and not for profit organizations;

h) when the reporting firm discovers that a client has provided false identification documentation or information and the reporting firm proposes to continue to deal with that client;

i) a complex and unusually large transaction, or there is an unusual pattern of transactions, and such transaction or transactions have no apparent economic or legal purpose, and

j) other case which by its nature can present a higher risk of money laundering or terrorist financing.

47. Examples of enhanced customer due diligence measures that could be applied for higher risk business relationships include:

(a) Obtaining additional information on the client (e.g. occupation, volume of assets, information available through public databases, internet, etc.), and updating more regularly the identification data of client and beneficial owner.

(b) Obtaining additional information on the intended nature of the business relationship.

(c) Obtaining information on the source of funds or source of wealth of the client.

(d) Obtaining information on the reasons for intended or performed transactions.

(e) Obtaining the approval of senior management to commence or continue the business relationship

(f) Conducting enhanced monitoring of the business relationship, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination.

(g) Requiring the first payment to be carried out through an account in the client's name with a bank subject to similar customer due diligence standards.

48. The Reporting Firm shall have senior management approval for establishing or continuing such business

relationships with clients for which enhanced customer due diligence measures are performed.

49. The Reporting Firm shall perform enhanced customer due diligence for the client and beneficial owners who are PEPs.
50. For the identification of a politically exposed person (PEP), the Reporting Firm shall have appropriate risk management systems to determine whether a client or the beneficial owner of a client is a:
- (a) Foreign PEP;
  - (b) Domestic PEP;
  - (c) International organisation PEP; or
  - (d) Family member or a known close associate of a PEP.
51. The enhanced customer due diligence requirements for a PEP shall also apply to the family members and close associates of foreign and domestic PEPs.
- For the purpose of deciding whether a person is a known close associate of a PEP, the Reporting Firm need only have regard to information which is in its possession, or to credible information which is publicly available.
- “Family member of a politically exposed person” includes Spouse(s) and children of the PEP, the spouses of the PEP’s children; and Parents of the PEP;
- “Known close associate of a PEP” means:
- (a) an individual known to have joint beneficial ownership of a legal entity or a legal arrangement or any other close business relations with a PEP;
  - (b) an individual who has sole beneficial ownership of a legal entity or a legal arrangement which is known to have been set up for the benefit of a PEP.
52. Existing clients of the Reporting Firm may become PEPs after entering into a business relationship with the Reporting Firm. Therefore, the Reporting Firm considering the level of risk shall periodically monitor its existing client base for a change in PEP status.
53. The Reporting Firm shall ensure that enhanced customer due diligence is performed where there is any business relationship or transaction with a client established in a jurisdiction for which this is called for by FATF.
54. In addition to the jurisdictions called for by FATF in paragraph (53) above, the Federal Government or Institute on the advice of the Federal Government, regarding weakness in the AML/CFT systems of other countries, shall direct the Reporting Firms to adopt enhanced customer due diligence in case of clients belonging to such countries.

The FMU and SECP may also communicate to the Institute about jurisdictions requiring the enhanced customer due diligence by the Reporting Firms.

55. The Reporting Firm shall conduct enhanced due diligence of clients that are non-governmental organizations (NGOs), non-profit organizations (NPOs) and charities. The Reporting Firm shall also:

- (a) Ensure that the business relationship may not be used for unlawful objects;
- (b) Issue the instruments in the name of the relevant NGO, NPO or charity, as given in its constituent documents;
- (c) Conduct enhanced due diligence of the authorized agents or representatives as well as members of the governing body of the Trust, NGO, NPO or charity.
- (d) Ensure that the authorized agents or representatives as well as members of the governing body of any Trust, NGO, NPO or charity having existing relationship are not affiliated with any proscribed or designated individual or entity, whether under the same name or a different name. In case of any positive match, the Reporting Firm should consider actions required under paragraph (28)

## SECTION IV

### RECORD KEEPING

56. The Reporting Firm shall maintain all necessary records relating to the Customer Due Diligence/enhanced customer due diligence (about the client and beneficial ownership) Business relationships/transactions (domestic and international) for a minimum period of five years of the end of client relationship or end of the date of transaction, whichever is later, or a longer period if specified in the AML legislation or where transactions, clients or instruments are involved in litigation or the same is required by a Court of law or other competent authority.
57. The Reporting Firm shall also keep and maintain all record related to STRs and CTRs filed by it for a period of at least ten years after such reporting, in accordance with the AML legislation.
58. The records shall be sufficient to permit reconstruction of individual engagements/transactions including the nature and duration of the business relationship, nature and date of the engagement and transaction, the type and amount of currency involved and the type and identifying number of any account involved in the transactions so as to provide, when necessary, evidence for prosecution of criminal activity and such records may be maintained in paper or electronic form, provided it is admissible as evidence in a court of law.
59. The Reporting Firm shall ensure, to make available on a timely basis, all risk assessment, customer due diligence and engagement records to the Institute, FMU and law enforcement agencies, whenever required.

## SECTION V

### ICMA PAKISTAN'S AML SELF-REGULATORY SYSTEM

60. The Council shall establish an AML Supervisory Board which shall be supported by the AML Supervision Department
61. The AML Supervisory Board shall be responsible for supervising, regulating, implementing and enforcing the AML Framework and performing such other functions as are necessary for this purpose and may be delegated to it by the Council.
- The AML Supervisory Board shall ensure compliance by members in practice with the provisions and obligations specified by the AML Act and the regulations issued there under on a risk-based approach having a clear understanding of the ML and TF risks: (a) present in the country; and (b) associated with the type of their clients, products and services.
62. The AML Supervisory Board may delegate any of the functions assigned to it to the AML Supervision Department and its officers.
63. The composition, tenure, duties and other related matters of the AML Supervisory Board are provided in *Appendix A* to this Framework.
64. The AML Supervisory Board in addition to its functions under this Framework, shall submit to the Council an annual report within four (4) months after June 30 of the year, covering its duties under this Framework. (*Duties of AML Supervisory Board are mentioned in Appendix A*)

#### AML Review and Validation System

65. The AML Supervisory Board shall establish an 'AML Review and Validation System'. Under this system:
- (a) All Practicing firms shall on an annual basis submit 'Form A' of Annual Return, by July 31; and
  - (b) 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.
66. In cases where a Firm fails to comply with paragraph (65), one or more of the following actions may be taken by the AML Supervisory Board:
- (a) Require the submission of relevant Form or other information within the specified time;
  - (b) Require the partner(s) and/or employees to undergo AML training or CPD activities;
  - (c) Refer senior management (who is a member of the Institute) of the Firm, as the case may be, to the Secretary of the Institute for the facts to be laid before the Investigation Committee, if:
    - i. Such Firm fails to act on (a) or (b) above; or

ii. Material misrepresentation is made by such Firm relating to scope and requirements under this Framework.

(d) Subject to independent legal advice, may refer a Firm's or a Member's material or willful noncompliance with this Framework or the AML/CFT legislation to the AML Supervisor or other government agency under the AML/CFT legislation or make a disclosure as required under law. Such reference or disclosure are not to be taken to breach any restriction, however imposed, on the disclosure of information.

67. A member found to be guilty of professional misconduct due to failure in complying with this Framework shall be sanctioned in accordance with the Cost and Management Accountants Act, 1966 and Cost and Management Accountants Regulations, 1990. Such penalty shall be in addition to any penalty provided under the AML and CFT legislation.

68. The Institute, its Council, AML Supervisory Board members, Investigation Committee members and all employees of the Institute shall keep confidential all material and information provided by the Reporting Firm and Practicing Firm in connection with the AML review and validation, whether oral or in writing, except that such material or information may be disclosed (directly or indirectly) to any person or body undertaking regulatory or law enforcement responsibilities, for the purpose of assisting that person or body in exercising their functions or responsibilities or where such disclosure is required by law.

#### **Annual review of Reporting Firm**

69. In order to validate the annual returns and information submitted under paragraph (65), AML Supervisory Board through AML Supervision Department shall perform an annual review of the Reporting Firms by adopting a risk-based approach. The AML Supervisory Board shall, however, has discretion to review either all or a selected number of Reporting Firms.

The AML Supervisory Board shall also direct the AML Supervision Department to conduct a review of any Firm, whether it is a Reporting Firm or a Practicing Firm, on receipt of a complaint from a government agency.

70. The AML Supervisory Board may also direct the AML Supervision Department to conduct a review of any Firm, whether it is a Reporting Firm or a Practicing Firm, on receipt of a complaint from any other person. The AML Supervisory Board shall have the discretion to either first seek a response from the Firm against whom a complaint has been received or to immediately direct that a review be conducted.

71. The review of the Reporting Firms will be carried out by the AML Supervision Department in the manner set out below.

#### **Conduct of the Review**

72. The AML Supervision Department shall conduct the review of AML/CFT systems and controls of all or any Reporting Firm, it considers necessary, to:

(a) check that the AML/CFT risk assessment is up to date;

(b) check that the AML/CFT controls, policies and procedures are in accordance with the AML/CFT standard;

- (c) identify any deficiencies in the effectiveness of the risk assessment and the AML/CFT systems and controls, and issue a report thereon; and
  - (d) determine the course of action on the deficiencies noted during AML review.
  - (e) Carry out any other task that is necessary for the implementation of this framework
73. The AML Supervisory Board shall notify the Reporting Firm not less than thirty (30) days in advance its intent to carry out an annual review of the Firm.
74. Subject to paragraph (76), below, if, on the receipt of the review notice, the Reporting Firm is of the opinion that it will not be convenient to carry out AML review on the review date, the reporting firm shall, not more than ten (10) business days after service of the review notice, inform the AML Supervisory Board in writing of 3 further dates (being business days) on which AML Supervisory Board can carry out an AML review and validation.
75. The 3 'further dates' referred to in paragraph (74) above, shall be no later than forty-five (45) days of the review date communicated by the Institute, and the Reporting Firm shall comply with all reasonable requests by AML Supervisory Board to reschedule the date of the review.
76. Above paragraphs (73), (74) and (75) shall not apply where the AML Supervisory Board is of the opinion that it is in the public interest for a review to be conducted with less than thirty (30) days' notice.
77. The Reporting Firm shall provide appropriate facilities to the AML reviewer(s) to enable them to carry out their functions during an onsite review visit.
78. The Reporting Firm shall use best endeavors to ensure that the senior management of the firm is present during the firm's AML review.
79. At the conclusion of the review, any issues or concerns will be notified by the AML Supervision Department in writing to the Reporting Firm. The Reporting Firm shall, within fourteen (14) days of service of such notification (or such longer period as may be allowed), provide a response in writing to the AML Supervision Department including setting out an action plan to address and rectify such issues or concerns.
80. On the conclusion of review and on basis of any response received from the Reporting Firm, the AML review reports of the Reporting Firms prepared by the AML Supervision Department shall be presented before AML Supervisory Board for approval, except for urgent cases where, with the permission of the Chairman AML Supervisory Board, a report may be circulated to all members of AML Supervisory Board for review and approval. At least three (3) members of the AML Supervisory Board including the Chairman shall approve the circulated report. Reports approved by circulation shall be ratified in the next meeting of AML Supervisory Board.
81. After approval by AML Supervisory Board, the final report as per the format/form established by the AML Supervisory Board including deficiencies if any, shall be issued to the Reporting Firm

**82. If the AML Supervisory Board is not satisfied with the response received from the Reporting Firm under paragraph (81) above, it may take one or more of the following actions:**

- (a) Conduct a further review of the Reporting Firm;
- b) Require the partner(s) and/or employees to undergo additional AML training or CPD activities as recommended by the AML Supervisory Board.
- c) Arrange a fresh review of the Reporting Firm after the period of 90 days (subject to any extension granted by the AML Supervisory Board)
- (d) Subject to independent legal advice, may refer a Firm's or a Member's material or willful noncompliance with this Framework or the AML/CFT legislation to the AML Supervisor or other government agency under the AML/CFT legislation or make a disclosure as required under law. Such reference or disclosure are not to be taken to breach any restriction, however imposed, on the disclosure of information.
- e) May refer:
  - I. Partner(s) responsible for client's business relationship/transaction and is non-compliant with AML/CFT requirements under this Framework; and/or
  - II. Senior management (who is a member of the Institute) of the Reporting Firm

To the Secretary of the Institute for the facts to be laid before the Investigation Committee, if:

- i. The Reporting Firm fails to implement the action plan submitted at the time of earlier AML review of the Reporting Firm; under paragraph (79) above;
- ii. Significant deficiencies in the design and implementation of AML/CFT programme, policies, or procedures are noted during the Reporting Firm's AML Review; or
- iii. Material misrepresentation is made by the Reporting Firm during the process of the AML Review and validation.

## SECTION VI

### COORDINATION WITH THE AML SUPERVISOR

83. The AML Supervisory Board shall submit to the AML Supervisor of the accountancy sector, designated by the Federal Government, annually, the report prepared under paragraph 64 (above). The report shall be submitted within one (1) month of its submission to the Council. The AML Supervisory Board shall also provide the information reasonably required by the AML Supervisor in connection with the annual report, in accordance with the applicable law.
84. The AML Supervisory Board shall coordinate with the AML Supervisor, with regard to the Institute's Self-Regulatory AML System, in accordance with the applicable law. In addition to the annual report to be submitted by AML Supervisory Board, the AML Supervisor may request for additional information from the AML Supervisory Board, if needed.
85. For the sake of clarity, the AML Supervisor will not directly be involved in the supervision of the Members of the Institute. It will be the AML Supervisory Board that shall provide information and take any such action that the AML Supervisor requires and the AML Supervisory Board deems appropriate.

These actions include:

- (a) Request for information from the Members of the Institute;
- (b) Interview or access to the Members of the Institute; and
- (c) Any function of the Institute un-related to AML supervision carried out by the Council under the Cost and Management Accountants Act, 1966 and Cost and Management Accountants Regulations, 1990.

## **Appendix A**

### **AML Supervisory Board**

(Please refer to paragraph (65) of the Framework)

#### **Composition**

- (1) The AML Supervisory Board shall comprise of five (5) members, nominated as follows:
  - (a) One member shall be nominated by the SECP;
  - (b) One member shall be nominated by the FMU; and
  - (c) Three members shall be nominated by the Council.
- (2) The Chairman of AML Supervisory Board would be nominated by the Council.
- (3) The Council nominations would be subject to the condition that maximum two such nominations could be of the Council members.

#### **Appointment and Tenure**

- (4) The relevant nominating body shall nominate an individual as member of the AML Supervisory Board in accordance with this Framework within thirty (30) days of effective date of this Framework.
- (5) A member of the AML Supervisory Board shall serve for two (2) years, unless he/she ceases to be a member.
- (6) A member may serve up to two terms of two (2) years each. After completion of first term of two (2) years, an individual would be eligible for re-nomination by the relevant appointing body, for another term of two (2) years.
- (7) In case of any casual vacancy the new member shall be nominated by the relevant appointing body within thirty (30) days, for remaining period of the member who vacated the position.
- (8) In computing the number of terms under clause (6), the term served by a member to fill in the casual vacancy shall be disregarded.

#### **Cessation of Membership**

- (9) A member of AML Supervisory Board shall cease to be a member if he:
  - (a) is replaced by his nominating body;
  - (b) has given his resignation in writing addressed to the Secretary of the Institute and the Council has accepted the same;

- (c) becomes of unsound mind;
- (d) has applied to be adjudicated as an insolvent and his application is pending;
- (e) is an undischarged insolvent;
- (f) has been convicted by a court of law for an offence involving moral turpitude;
- (g) has displayed lack of fiduciary behavior and a declaration to this effect has been made by a court;  
or
- (h) is removed from the membership of the Institute.
- (i) fails to attend three consecutive meetings of the AML Supervisory Board without leave of absence from the Chair.

#### **Duties of AML Supervisory Board**

- (10) The AML Supervisory Board shall:
- (a) Identify, assess and update the risks of money laundering and terrorist financing to which the Institute's members in practice are subject;
  - (b) Adopt a risk-based approach to the exercise of supervisory functions under this Framework;
  - (c) Carryout the monitoring and supervision of the Institute's members in practice under the AML review and validation system;
  - (d) Set the format and parameters of the AML review report of the Reporting Firms;
  - (e) Collect such information as it considers necessary for the purpose of AML review and validation system;
  - (f) Approve the report on the Reporting firm's AML review and validation;
  - (g) Refer the matter of a member to the Investigation committee of the Institute for supervisory action;
  - (h) Refer the matter of a firm or a member to the FMU or other government agency for supervisory action;
  - (i) Keep a record in writing of the significant decisions and actions it has taken in the course of its supervision, and of its reasons for deciding not to act in a particular case;

- (j) Have sufficient resources in order to carry out its duties. It shall also ensure that adequate training is carried out of the relevant staff for performing AML Review and Validation System;
- (k) Evaluate and assess on a regular basis the performance of the AML Supervision department;
- (l) Designate a person to liaison with AML Supervisor and other AML related government agencies, and monitor and manage the Institute's compliance with its responsibilities as a self-regulatory body under this Framework;
- (m) Issue guidance material to facilitate the members on how to meet their AML/CFT legal obligations; and
- (n) Perform any other function relating to the Institute's AML Self-Regulatory Supervisory role under this Framework, or as directed by the Council.

#### **Duties and Powers of the Chairman of AML Supervisory Board**

- (11) The Chairman shall be responsible for the following:
  - (a) Chair the meetings of AML Supervisory Board;
  - (b) Ensure timely preparation and approval of agenda, working papers, minutes etc. of the meeting;
  - (c) Ensure that a meeting of AML Supervisory Board is planned effectively, conducted according to this Framework and that matters are dealt with in an orderly and efficient manner;
  - (d) Recommend removal of member(s) to the nominating body in case a member of AML Supervisory Board is absent for three consecutive meetings of AML Supervisory Board;
  - (e) Refer the matter to the nominating body for filling up of any casual vacancy;
  - (f) Allow any person to attend the meeting of the AML Supervisory Board; and
  - (g) Any other function as required/prescribed in the framework.

#### **Secretary of AML Supervisory Board**

- (12) The head of AML Supervision Department, shall act as the secretary of the AML Supervisory Board.
- (13) Secretary shall ensure that the AML Supervisory Board receives information and papers in a timely manner to enable full and proper consideration to be given to the related issues.

#### **Quorum**

- (14) Minimum three (3) members of AML Supervisory Board shall form the 'Quorum' for a meeting.

## **Meetings**

- (15) The AML Supervisory Board shall meet at least twice in a year, and otherwise as required.
- (16) Meetings of AML Supervisory Board shall be convened by the secretary of the AML Supervisory Board with the approval of the Chairman.
- (17) The chairman shall set the agenda of the meeting of the board and ensure that reasonable time is available for discussion of the same.
- (18) The following persons, may attend a meeting of the AML Supervisory Board:
  - (a) a member of the AML Supervisory Board;
  - (b) the secretary to the AML Supervisory Board;
  - (c) any staff of Institute whose role it is to advise or inform the AML Supervisory Board on Institute's bye-laws, regulations or the law, or its responsibilities, duties, powers and procedures under the Cost and Management Accountants Ordinance, 1961 and this Framework; and
  - (d) any other person whom the Chairman permits.
- (19) In the absence of the Chairman, the members present shall elect amongst themselves a Chairman, who shall preside over the meeting of AML Supervisory Board.
- (20) The meetings of the AML Supervisory Board may be conducted via video conference and other alternative means, depending on the geographical spread of members.
- (21) AML Supervisory Board meetings cannot be attended by proxy by any of its members.
- (22) The AML Supervisory Board may also communicate between meetings by electronic or non-electronic correspondence. For example, to obtain comment on any urgent matter or to poll initial views on any matter for future discussion.
- (23) At least three (3) members of the AML Supervisory Board including the Chairman shall approve the AML Report of a firm.

All other matters before the AML Supervisory Board shall be decided by a majority of votes of the members present in the meeting. In the event of equality of votes, the person presiding shall have a casting vote in addition to his own vote.

## **Notice of meetings**

- (24) A notice in writing of each meeting of the AML Supervisory Board, confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the AML

Supervisory Board no later than seven (7) days before the date of the meeting, except in the case of emergency meetings, where the notice period may be reduced or waived. Supporting papers shall be sent to members at the same time.

- (25) Notices, agendas and supporting papers may be sent in electronic form.

**Minutes of meetings**

- (26) The secretary shall minute the proceedings and decisions of all meetings of the AML Supervisory Board, including recording the names of those present and in attendance.
- (27) Draft minutes of AML Supervisory after approval by the chairman will be circulated promptly to all members of the AML Supervisory Board.

**Retention of record**

- (28) For all the reviews conducted, the AML Supervisory Board shall retain all AML Review reports issued to the Reporting Firms for a period of ten years from the date of such reviews. Working papers relating to AML review shall be retained at least for a period of ten years from the date of AML report. All other records and documentation relating to the functions performed under this Framework shall be retained for ten years from the date of the related document/record.

In case of any litigation in the court of law, the AML review reports and the working papers relating to AML Review of the concerned Reporting Firm or member shall be retained until the conclusion of the litigation.

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**ICMA**  
Pakistan

## **FORMS**

## Annual Return

### Form A

(Required to be submitted by all firms by accessing their respective pages on Institute's website)

Response

- 1 **Name of the reporting entity:** *(Mention firm name)*
- 2 **Period of Form A of the Annual Return:** *(Mention the period 'From - to', information in Form A covers)*
- 3 **Address of main office of the firm:** *(Mention firm's postal address and telephone number)*
- 4 **Details of partner designated to receive AML/CFT related information from external stakeholders:** *(Please provide Name, Position, contact details including official telephone number and email address)*
- 5 **Partners of the firm:** *(Mention number)*
- 6 **People working for the firm:** *(Mention number)*
- 7 **Physical branch/office location of firm in Pakistan, other than the main office:** *(Mention the addresses)*
- 8 **Did the firm provide any of the AML/CFT regulated services (i.e. Accountant and Trust or Company Service Provider) mentioned in the AML Framework? (Yes / No)\***
- 9 **If your answer to question 7 (above) is "Yes", please indicate the AML/CFT regulated services performed by the firm:** *(Accountant / Trust or Company Service Provider / Both)*  
*(Please specify, check all that apply)\**
  - (i) The buying and selling of real estate;
  - (ii) Buying and selling of business entities;
  - (iii) The managing of client money, securities or other assets;
  - (iv) The opening or management of bank, savings or securities accounts;
  - (v) The organisation of contributions necessary for the creation, operation or management of companies; or
  - (vi) Creating, operation or management of companies, trusts or waqf;
  - (vii) Acting as a formation agent of legal persons;
  - (viii) Acting as a director or secretary of a company, a partner of a partnership;
  - (ix) 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 and signature

I confirm that I have the authority to submit this form on behalf of the reporting entity (*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: \_\_\_\_\_

Official Email Address:- \_\_\_\_\_

#### NOTE

Under the AML Framework, Firm shall:

1.1	Submit Form A by July 31, 2020 (i.e. First submission)	Submit Form A in accordance with the requirements of the Transitional Provisions of the AML Framework. Based on the services rendered to (i) existing clients as of the effective date of the AML Framework and (ii) new clients during the period from effective date of the AML Framework to June 30, 2020.
1.2	Subsequently submit Form A by 31 July each year	Subsequently submit Form A annually. Based on the services rendered to clients during the period of last 12 months, i.e. 01 July to 30 June.

# Form B

(Required to be submitted by all firms by accessing their respective pages on website)

## 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)?<sup>1</sup> 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 reporting period?

#### 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

<sup>1</sup>This 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%  26%-50%  51%-75%  76%-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				
Companies	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	16-25 <input type="checkbox"/>	25+ <input type="checkbox"/>
Trusts (excluding NGOs)	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	16-25 <input type="checkbox"/>	25+ <input type="checkbox"/>
Waqf	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	16-25 <input type="checkbox"/>	25+ <input type="checkbox"/>
Partnerships	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	16-25 <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"/>	16-25 <input type="checkbox"/>	25+ <input type="checkbox"/>
Other [Please specify]	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	16-25 <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				
Companies	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	16-25 <input type="checkbox"/>	25+ <input type="checkbox"/>
Trusts (excluding NGOs)	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	16-25 <input type="checkbox"/>	25+ <input type="checkbox"/>
Waqf	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	16-25 <input type="checkbox"/>	25+ <input type="checkbox"/>
Partnerships	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	16-25 <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"/>	16-25 <input type="checkbox"/>	25+ <input type="checkbox"/>
Other [Please specify]	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	16-25 <input type="checkbox"/>	25+ <input type="checkbox"/>



- 2.4.2 Does the Reporting Firm has 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%   
 26%-50%   
 51%-75%   
 76%-100%

**2.5 Delivery Channels**

- 2.5.1 Does the Reporting Firm has 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 screened 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

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: \_\_\_\_\_

Official Email Address:- \_\_\_\_\_