

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 21th September, 2023

NOTIFICATION

S.R.O. 1356 (I)/2023.- In exercise of the powers conferred under Section 6A(2)(c) and (d) of the Anti-Money Laundering Act, 2010, the Securities and Exchange Commission of Pakistan is pleased to make the following amendments to the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020, the same having been previously published vide S.R.O. 739 (I)/2023 dated 14th June 2023, namely: -

AMENDMENTS

In the aforesaid regulations, -

1. for the expressions “section and sub-section” wherever appearing, with reference to referring various clauses of these regulations, the expression “regulation and sub-regulation” shall be substituted;
2. in regulation 1, for the expression “and Countering the Financing of Terrorism” the words “Combating the Financing of Terrorism and Countering Proliferation Financing” shall be substituted;
3. in regulation 3, in sub-regulation (1), -
 - (a) in clause (d), the Abbreviation “AML/CFT” shall be substituted with AML/CFT/CPF and after the expression “Terrorism” the words “and Countering Proliferation Financing” shall be inserted;
 - (b) after clause (f), the following new clause shall be inserted, namely: -

“(fa) “Court appointed Manager” means a person appointed by the competent court to operate the account of a mentally disordered person under the applicable laws on mental health”;
 - (c) after clause (j), the following new clause shall be inserted, namely: -

“(ja) “Designated Person (DP)” means an individual or entity designated under The United Nations (Security Council) Act, 1948 (Act XIV of 1948);
 - (d) in clause (k), for the word “five” the words “three” shall be substituted;
 - (e) after clause (p), the following new clause shall be inserted, namely: -

“(pa) “Person with Mental Disorder” means a person with mental illness as defined in the applicable laws on mental health;

(f) after clause (pa), the following new clause shall be inserted, namely: -

“(pb) “proliferation financing” means the financing of proliferation of weapons of mass destruction; and

(g) after clause (q), the following new clauses shall be inserted, namely: -

“(qa) “Designated Person (DP)” means an individual or entity designated under The United Nations (Security Council) Act, 1948 (ACT XIV of 1948);

“(qb) “Proscribed Person” means an individual or entity proscribed under the Anti-Terrorism Act, 1997 (ACT NO. XXVII OF 1997);

4. in regulation 16, for the word “identify” the words “identity of” shall be substituted;

5. in regulation 19, for sub-regulation (3), the following shall be substituted, namely: -

“(3) The regulated person shall implement the measures as set out in Section 7D (Inability to complete CDD and tipping off) of the AML Act.”;

6. in regulation 24, for sub-regulation (1), the following shall be substituted, namely: -

“(1) A regulated person may rely on third party to conduct following CDD measures on its behalf, in line with the requirements specified in these regulations;

- (i) Identifying the customer and verifying that customer’s identity using reliable, independent source documents, data or information;
- (ii) Identifying the beneficial owner, and taking reasonable measures to verify the identity of the beneficial owner, such that the financial institution is satisfied that it knows who the beneficial owner is. For legal persons and arrangements this should include financial institutions understanding the ownership and control structure of the customer;
- (iii) Understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship;

Provided that despite third party reliance the regulated person shall -

- (a) remain liable for any failure to apply the indicated CDD measures (i) to (iii) above;
- (b) immediately obtain from the Third Party the required information concerning the indicated CDD measures (i) to (iii) above;
- (c) take steps to satisfy itself that copies of identification data and other relevant documentation relating to CDD requirements will be made available from the third party upon request without delay; and

- (d) satisfy itself that the Third Party is supervised by an AML/CFT regulatory authority or an equivalent foreign authority and has measures in place for compliance with AML Act obligation of CDD and record keeping.”;
7. for regulation 29, the following shall be substituted, namely: -
- “29. Foreign Branches and Subsidiaries** - The regulated person shall ensure that their foreign branches and majority-owned subsidiaries in countries which do not sufficiently apply the FATF Recommendations, apply AML & CFT measures consistent with Pakistan’s AML/CFT requirements, to the extent that host country laws and regulations permit. If the foreign country does not permit the proper implementation of AML/CFT measures consistent with that of Pakistan requirements, financial groups should apply appropriate additional measures to manage the risks, and inform the Commission when a foreign branch or subsidiary is unable to observe appropriate AML/CFT measures.”;
8. in regulation 32, in sub-regulation (1), -
- (a) after the words “notifications and” the word “circulars” shall be added;
- (b) after sub-clause (a), the following sub-clauses shall be added, namely: -
- (a) Circular No 14/2010 dated July 5, 2010;
- (b) Circular No 14/2013 dated August 5, 2013
- (c) Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018 vide S. R. O. 770(I)/2018 dated June 13, 2018.
- (d) Circular No1201(1)/2018 dated October 3, 2018
- (e) Circular No 105/(1)/2021 dated January 29, 2021.
9. in Annexure 1, and Note, for word “photocopy” wherever occurring, the word “copy” shall be substituted;
10. in Annexure 1, at S. No. 1, for point no. (iii) of column No 3, the expression “Form-B/Juvenile card issued by NADRA to children under the age of 18 years” shall be substituted with the words “Form-B/Juvenile card/ Child Registration Certificate (CRC) issued by NADRA to children under the age of 18 years;
11. in Annexure 1, at S. No. 1, for point no. (vi) of column No 3, the expression “valid” shall be deleted.
12. in Annexure 1, at S. No. 3, after point no. (v) the new point shall be inserted, namely: -
- (vi) Certificate or proof of membership of trade bodies etc., (if any)
13. in Annexure 1, at S. No. 7, for point no. (ii) of column No 3, the expression “Photocopies” shall be substituted with the word copies;

14. in Annexure 1, after S. No 12, the new S. No. 13 shall be inserted, namely: -

“13. Mentally Disordered Person Account:

- (i) Copy of applicable valid identity documents of mentally disordered person and court appointed manager under the applicable laws related to mental health.
- (ii) Certified true copy of court order for appointment of manager for mentally disordered person.
- (iii) Verification of identity document through bio-metric verifications from NADRA for both persons i.e. mentally disordered person and the manager appointed by court.
- (iv) Verification of court order from the concerned court (to be obtained by Regulated Person).
- (v) Account would be opened in the name of mentally disordered person and the same will be operated by the court appointed manager.
- (vi) All CDD requirements/formalities should be conducted / completed for both persons.
- (vii) In case of change of manager by the court, the CDD will be conducted for the new appointed manager by the Regulated Person afresh.”;

15. in Annexure 1, at S. No. 9, for point no. (iii) of column No 3, the following shall be substituted, namely: -

“(i) Certified copies of:

- (a) Registration documents certificate
 - (b) By-laws/Rules & Regulations
- (ii) Resolution of the Governing Body/Board of Trustees/Executive Committee, if it is ultimate governing body for opening of account authorizing the person(s) to operate the account.
 - (iii) Copy of identity document as per Sr. No. 1 above of the authorized person(s) and of the members of Governing Body/Board of Trustees /Executive Committee, if it is ultimate governing body.
 - (iv) Any other documents as deemed necessary including its annual accounts/ financial statements or disclosures in any form which may help to ascertain the detail of its activities, sources and usage of funds in order to assess the risk profile of the prospective customer.
 - (v) Registered address/ Business address;

16. in Annexure 1, Note, for Clause No. 2, the following shall be substituted, namely: -

“The “copies” of identity documents shall be validated through NADRA verisys or Biometric Verification. The regulated person shall retain copy of NADRA verisys or Biometric Verification (hard or digitally) as a proof of obtaining identity from customer; and

17. for the expression “AML/CFT” appearing in regulation 24(e), 24(2)(b), 24(4), 27(2)(c)(ii), 29, 30(1)(a)(iii), 30(1)(b) and 30(3) of AML/CFT Regulations, 2020 the expression “AML/CFT/CPF” shall be substituted.”.

[File No. AMLD/AML/CFT/PFR2023-]


(Bilal Rasul)
Secretary to the Commission