

**GOVERNMENT OF PAKISTAN**  
**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

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*Islamabad, the 14<sup>th</sup> June, 2023*

**NOTIFICATION**

**S.R.O. 739 (I)/2023.**- The following draft amendments to the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020, proposed to be made by the Securities and Exchange Commission of Pakistan, in exercise of powers conferred by Section 6A (2) (c) and (d) of the Anti-Money Laundering Act, 2010, are hereby published for information of all persons likely to be affected thereby and notice is hereby given that comments, if any, received within fourteen days of the date of this notification will be taken into consideration, namely:-

**DRAFT 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, after the expression “Terrorism” the words “and Countering Proliferation Financing (AML/CFT/CPF) shall be inserted;
3. in regulation 3, in sub-regulation (1),-

(a) after clause (j), the following new clause shall be inserted, namely:-

“(ja) “Designated Person (DP)” means an individual or entity designated under UNSC Act,1948;”;

(b) in clause (k), for the word “five” the word “three” shall be substituted;

(c) for clause (r), the following shall be substituted, namely: -

“(r) “regulated person” means financial institution as defined under section (xiv) of AML Act licensed/ authorized and regulated by the SECP under the administered legislation;” and

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

“(qa) “Proscribed Person” means an individual or entity proscribed under the Anti-Terrorism Act, 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 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 “notification and” the word “circular” shall be added;
- (b) after sub-clause (a), the following sub-clauses shall be added, namely: -
  - “(a) Circular No1201(1)/2018 dated October 3 2018;
  - (b) Circular No 14/2013 dated August 5 2013;
  - (c) Circular No 14/2010 dated July 5 2010; and
  - (d) Circular No 105/(1)/2021 dated January 29, 2021.Circular No 14/2013.”;

9. in Annexure 1, and Note, for word “photocopy” wherever occurring, the word “copy” shall be substituted; and

10. in Annexure 1, at S. No. 9, for column No 3, the following shall be substituted, namely:

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- “(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.”.

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

  
( Bilal Rasul )  
Secretary to the Commission