



CA
PAKISTAN

AWARENESS SESSION

“AML FRAMEWORK”

JULY 27, 2020

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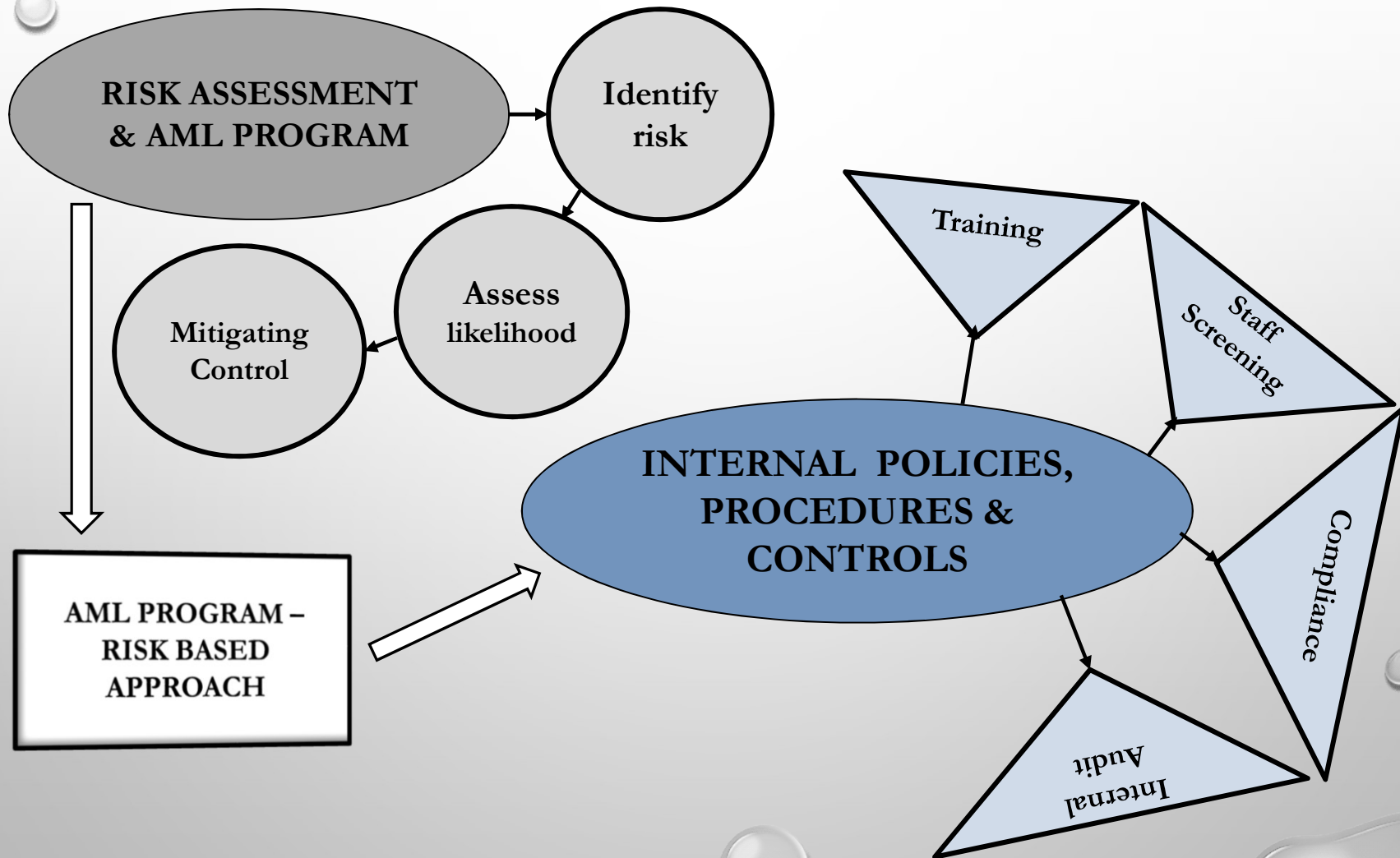
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OBLIGATIONS OF REPORTING FIRMS

:: OVERVIEW ::



OBLIGATIONS OF REPORTING FIRMS

::OVERVIEW::

CUSTOMER DUE DILIGENCE (CDD)

WHO

1. **Client / Customer**
2. **Beneficial Owner of the Client / Customer**
3. **Person acting on behalf of the Client / Customer**

WHEN

1. **Establishing** Business Relationship
2. **Significant change** in the ownership or control structure
3. **Suspicion** of Money Laundering arises
4. **Doubts** regarding the adequacy of documents obtained previously.

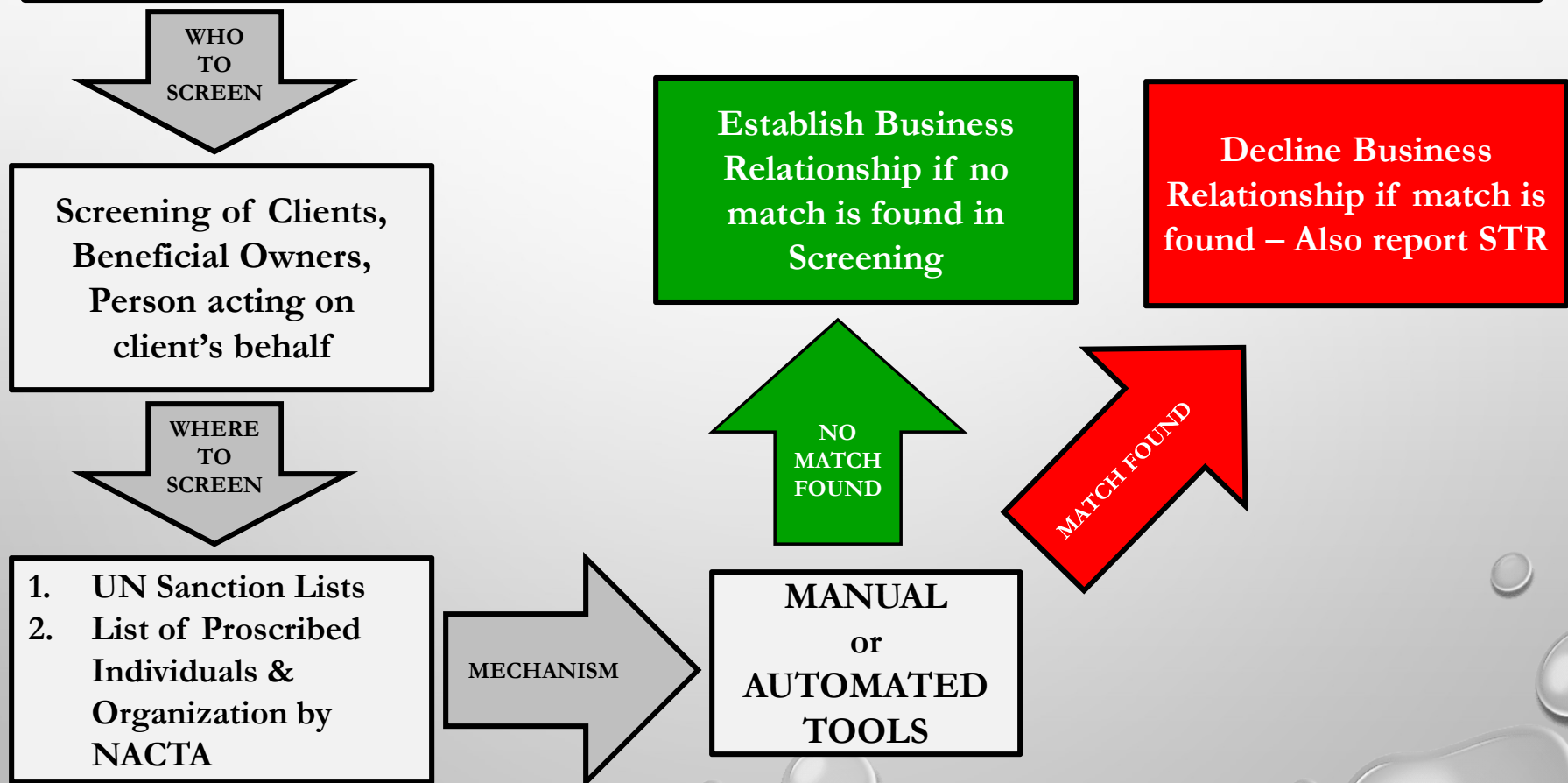
**CDD
PROCESS**

1. **Verify Identity of Client, Beneficial Owner & Persons acting on client's behalf**
2. **Information regarding nature and purpose of business relationship**
3. **Verification through reliable sources**
4. **Ongoing Monitoring & Screening**
5. **Record Maintenance**

OBLIGATIONS OF REPORTING FIRMS

::OVERVIEW::

CDD – SCREENING PROCESS



OBLIGATIONS OF REPORTING FIRMS

::OVERVIEW::

CDD – ENHANCED DUE DILIGENCE

HIGH RISK CLIENTS

1. Politically Exposed Persons (PEPs)
2. NGOs / NPOs
3. High Risk Jurisdictions (as per FATF & NRA 2019)

Examples of Enhanced Due Diligence Measures includes;

1. *Obtaining information on the source of Funds / source of wealth of the client along with documentary evidence*
2. *Approval of Senior Management of firm for establishing & continuing Business Relationship*
3. *Conducting enhanced monitoring of the Business Relationship*

SERVICES UNDER “ACCOUNTANTS”

DEFINITION

- Buying and selling of Real Estates
- Buying and selling of Business Entities
- Managing of client money, securities or other asset
- Opening or management of bank, savings or securities accounts
- Organisation of contributions necessary for the creation, operation or management of companies;
- Creation, operation or management of legal persons or arrangements

EXAMPLES

Managing the Bank Accounts of the Company registered outside Pakistan having no place of business in Pakistan

Managing subscriptions of the client for the purpose of Initial Public Offerings (IPOs)

Managing the payroll services – collection, disbursement, and management bank accounts

Providing Due Diligence Services to the Clients for acquiring any entity.

Carrying out feasibility study for the client for potential buying of an entity.

Buying and Selling of Shares / Stocks on behalf of Client

Providing assistance in cases of Mergers and Acquisitions

SERVICES UNDER “TRUST AND COMPANY SERVICE PROVIDER”

DEFINITION

- Forming companies or other legal persons
- Acting, or arranging for another person to act as a director or Secretary of a Company or a partner of a partnership
- 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;
- Acting, or arranging for another person to act, as a trustee of an express trust or similar legal arrangement.

EXAMPLES

Firm having authority to hire a director / secretary of a company on its own

Providing Address to the client for the receipt of couriers and other correspondences.

Providing an office space to the client to carry out their day to day operational responsibilities

Providing services in formation and registration of Trust / Waqf / NGO

Providing Office space to the client for Business Continuity in case of a disaster.

Acting as an Independent director of a Company on the Board of Directors.

Services of Registration of a Company / Legal arrangement with SECP

Providing liaison office to a foreign company having no office in Pakistan

WHEN TO FILE ANNUAL RETURNS (FORM 'A' & FORM 'B')

ALL Firms are required to Submit Form 'A' through AML Portal by **July 31, 2020**

ALL Reporting Firms are also required to Submit Form 'B' through AML Portal by **August 15, 2020**

CONSEQUENCES OF NON – COMPLIANCE:

The AML Board may;

- Refer Senior Management of the firm to the Investigation Committee.
- Refer the non-compliance of the Firm / Member to SECP or any other government agency.

The background of the slide is a light gray gradient. It is decorated with several realistic water droplets of various sizes, scattered across the top and bottom edges. The droplets have highlights and shadows, giving them a three-dimensional appearance.

THANK YOU