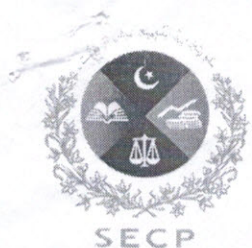


# Securities and Exchange Commission of Pakistan

Securities Market Division

Policy, Regulation and Development Department



No. SMD/SE/2(216)2010

May 13, 2015

**Mr. Ejaz Ali Shah**

Managing Director,  
Pakistan Mercantile Exchange Limited,  
3B, 3<sup>rd</sup> Floor,  
Bharia Complex,  
Ch. Khaliq-uz-Zaman Road,  
Karachi.

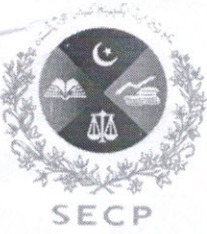
**Subject: Guidance on Compliance of Government of Pakistan's Notifications issued under United Nations Security Council (UNSC) Resolutions**

Dear Sir,

This is in continuation to the Securities and Exchange Commission of Pakistan (SECP) letters of even number thereby forwarding recommendations from the Ministry of Foreign Affairs (the "Ministry") for freezing of funds of the "Al-Qaida and Taliban and Associated Individuals and Entities" placed on the UN Security Council's (UNSC) Consolidated List.

Given below is guidance for brokers for compliance and reporting obligations under the UNSC's Resolution 1267, in line with the Financial Action Task Force requirements. You are directed to immediately disseminate the same to your regulated entities for strict compliance:

1. The United Nations Security Council (UNSC) Committee, established pursuant to resolutions 1267 (1999) and subsequent resolutions, concerning Al-Qaida and associated individuals and entities approves the addition, amendments and deletion in the Consolidated List of individuals and entities subject to the sanctions covering assets freeze, travel ban and arms embargo set out in Security Council resolutions adopted under Chapter VII of the Charter of the United Nations.
2. The Government of Pakistan under the United Nations (Security Council) Act, 1948 gives effect to the decisions of UNSC whenever the Consolidated List maintained by the Sanctions Committee is updated. The Ministry of Foreign Affairs issues Statutory Regulatory Orders (SROs) to provide legal cover for implementing sanction measures under Security Council Resolutions. The Consolidated Lists available at the UN Sanctions Committee's website, are regularly updated and can be accessed at the following links:  
[www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml)  
<http://www.un.org/sc/committees/1988/list.shtml>
3. These SROs/Notifications in respect of listed individuals/ entities require financial institutions to implement assets freeze, travel ban and arms embargo in accordance with the Security Council Resolutions as under:-



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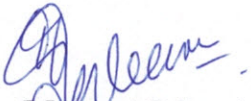
### Policy, Regulation and Development Department

'Freeze without delay the funds<sup>1</sup> and other financial assets or economic resources of Listed individuals and entities, including funds derived from property owned or controlled directly or indirectly'.

4. Pursuant to UNSC Resolutions, credit payments in such frozen accounts are permitted, so long as the additional amounts are also subject to the assets freeze. The Government of Pakistan has already prescribed penalty up to Rs. 10 million for non-compliance of sanctions regime being implemented through SROs under the UN (Security Council) Act, 1948.
5. Securities and Exchange Commission of Pakistan (SECP) circulates the subject SROs/Notifications to its regulated entities for taking necessary action with the advice to report details of such frozen assets and other action, taken in compliance with the relevant SRO to SECP within the stipulated time.
6. All Brokers are advised to regularly access the aforesaid Consolidated Lists to ensure compliance with measures in para 3 above in line with the UNSC resolutions. The updated Consolidated List should be accessible by the regulated entity, which will be checked by SECP during the course of inspection.
7. All Brokers may also educate their customers that in case of any wrongful or inadvertent freezing, they may apply in writing for de-listing to Government of Pakistan through relevant Ministry or to the UN's Ombudsman, as the case may be.
8. For further information, regulated entities may access relevant information / documents from the UNSC website.

You are further advised to ensure compliance check of the aforementioned guidance by the brokers through regular system audits.

Yours truly,

  
**(Musarat Jabeen)**  
Executive Director

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<sup>1</sup> Funds and other financial assets include, but are not limited to cash, cheques, claims on money, internet-based payment instruments, deposits with financial institutions or other entities, balances on share trading accounts with brokerage firms or other investment trading accounts, debts and debt obligations, including trade debts, other accounts receivable, publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures and derivatives contracts, interest, dividends or other income on or value accruing from or generated by assets, insurance and reinsurance