

SECP Directive on AML/CFT Reporting

This is in continuation to our Circular No.: PMEX/MKT, BD&CSS/2019/15 dated March 08, 2019 whereby all brokers were advised to ensure compliance with the Directive vide S.R.O. 245(I)/2019 (SRO) dated February 22, 2019 issued by the Securities and Exchange Commission of Pakistan (SECP).

Attention of all brokers is drawn to Clause (iii) of the SRO, which provides that:

"Compliance report on statutory regulatory orders issued by the Ministry of Foreign Affairs on United Nations Security Council Resolutions and intimation from National Counter Terrorism Authority/Ministry of Interior regarding updates in list of proscribed persons under the Anti-Terrorism Act, 1997, shall be submitted within three day of receiving the same."

In this regard, all compliance reports of each notification shall be submitted to the SECP through SECP eServices Portal which can be accessed at the url: <https://eservices.secp.gov.pk/eServices/>.

Please go through the guidelines available at following links for submitting your response:

- <https://www.secp.gov.pk/document/guide-for-manage-users-in-secp-eservices-aml-portal-additions-or-deletions/?wpdmdl=36077>
- <https://www.secp.gov.pk/document/guide-for-companies-to-file-aml-compliance-report-on-eservices/?wpdmdl=36076>

It is reiterated that each broker is required to scan its customer data bases for any matches with the stated designated/proscribed person in the notification received (through SECP or via above Subscription Portal) and report the results to the SECP within three days, even if nil. However, in case of a true match or suspicion of a proscribed/designated person following actions have to be taken **IMMEDIATELY**:

- Approach the Exchange to freeze without delay* the customer's fund or block the transaction, if it is an existing customer the customer's fund;
- Reject the customer, if the relationship has not commenced;
- Lodge a STR (Suspicious Transaction Report) with the FMU (Financial Monetary Unit);
- Notify the SECP;
- Notify the Ministry of Foreign Affairs in case that person is designated under United Nations Security Council Resolutions, and
- Notify the National Counter Terrorism Authority (NACTA) in case that person is designated under the Anti-Terrorism Act, 1997.

* (According to FATF, without delay is defined to be ideally within a matter of hours of designation by the UNSC)

Please note that the **non-compliance with above shall lead to PENAL ACTION** under Section 40A of the SECP Act, 1997. You are therefore advised to comply with the legal requirement within the prescribed time as contained in the Regulations, Guidelines and SRO respectively.

For further information and assistance, please feel free to contact our Customer Support Services by phone on 111-11-PMEX (7639) or by email at support@pmex.com.pk.

Best regards,



Syed Mumtaz Ali
Chief Regulatory Officer