



## Financial Monitoring Unit (FMU) Government of Pakistan

### **Frequently Asked Questions (FAQs) related to Suspicious Transaction Reports (STRs) For Reporting Entities**

Financial Monitoring Unit (FMU) is a Financial Intelligence Unit of Pakistan which is mandated to counter Money Laundering (ML) / Terrorism Financing (TF). FMU was established under the Anti Money Laundering Ordinance, 2007 in October, 2007 which was subsequently enacted as an act of parliament as Anti Money Laundering Act, 2010 (<http://www.fmu.gov.pk/wp-content/uploads/2020/03/Anti-Money-Laundering-Act-2010-as-amended-upto-Feb.-2020.pdf>) in March, 2010. Pursuant to the AML Act, FMU has also issued AML Regulations, 2015 (<http://www.fmu.gov.pk/docs/AMLRegulations2015.pdf>).

The core function of FMU is the receipt of Suspicious Transaction Reports (STRs) and Currency Transaction Reports (CTRs) and after analysis disseminate financial intelligence to law enforcement agencies/Regulators/Supervisors for inquiry or investigation of ML/TF and other related offences including any administrative or regulatory action.

#### **Legal Requirements Relating to STRs**

##### **Q-1. What is a STR and under which law STRs are required to be filed?**

A STR is a suspicious transaction or activity related to money laundering or terrorism financing, which is required to be filed by the reporting entities as per section 7(1) of AML Act, 2010. In order to identify a suspicious transaction or activity, the reporting entity should have effective systems and mechanisms in place to identify and report suspicious transaction/activity. The access to the related databases like Proscribed Persons'/Entities' records, Risk Screening Databases, etc. may also be acquired by the Reporting Entities (REs), wherever possible.

##### **Q-2. Which Reporting Entities are required by AML Act to report STRs?**

STRs are required to be reported by the 'reporting entities' defined under section 2(xxxiv) of AML Act, 2010 which categorizes financial institutions and non-financial businesses and professions as reporting entities under sections 2(xiv) and 2(xii) of the Act. Further, under Section 7(2) of AML Act, 2010, government agencies/authorities can also report a STR to FMU.

##### **Q-3. What does FMU do with the STR reported with it by a reporting entity?**

Upon receiving a STRs, FMU conducts analysis and in cases of suspected ML/TF offences, disseminates financial intelligence to the relevant law enforcement agencies and also refer regulatory/administrative issues, if any, to the relevant regulator or administrative body. FMU also maintains a database of the reported STRs/CTRs and can share information with financial intelligence units of other countries under reciprocal arrangements. In this context, sections 6(4)(a) to section 6(4)(e) and section 6(5) of AML Act, 2010 can be referred.

##### **Q-4. What is the timeframe for filing a STR?**

As per section 7(1) of AML Act, 2010, the reporting entities are required to promptly report a STR i.e. without any delay. When the suspicion is formed by the reporting entity after analysis of the related transactions or activities, the STR should be filed immediately to FMU.



## Financial Monitoring Unit (FMU) Government of Pakistan

---

### **Q-5. How long reporting entities need to keep the record of STRs?**

According to section 7(4) of AML Act 2010, the reporting entity is required to maintain all the records related to STRs for a period of at least 10 years. Further, sections 7(A) to 7(D) of AML Act, 2010 also creates a liability on the reporting entities for conducting Customer Due Diligence (CDD), setting certain requirements of CDD, related to recordkeeping and other incidental issues.

### **Q-6. Is there any protection for reporting entity or its officers under AML Act for filing a STR?**

Section 12 of AML Act, 2010 provides that no civil, criminal or disciplinary proceedings can be conducted against the reporting entity and its officers. The same has also been reinforced via regulation 8(2) of AML Regulations, 2015.

### **Q-7. Is there any criminal sanction against non-reporting of STR?**

Under section 33 of AML Act, 2010, any person willfully failing to comply with the STR reporting requirement will be liable for an imprisonment of five years or fine up to PKR 500,000 or both.

In case of entities, the relevant regulatory authority can also revoke the license or registration of such entity and necessary regulatory/administrative action can also be taken.

### **Q-8. Are there any sanctions in AML Act, 2010 against breach of confidentiality related to STR reporting?**

The reporting entity shall have measures in place to ensure the confidentiality of STR related data. As per section 34 of AML Act, 2010, any violation or unauthorized transmission of data or information by any officer or representative of the reporting entity can lead to imprisonment of five years or fine up to PKR 2,000,000 or both. The confidentiality of the STR data has also been reemphasized via regulation 8(1) of AML Regulations, 2015.

### **Q-9. Can FMU freeze accounts/funds based on STRs received?**

The Director General, FMU can issue a freezing order based on the information received in STRs as per section 6(6) of AML Act, 2010 for a period not exceeding fifteen days. As per regulation 7(1) of AML Regulations, 2015, the reporting entity may approach the Director General FMU for freezing of an account or property stipulating the reasons or grounds for freezing.

### **Q-10. Under which section(s) of the law, FMU is empowered to get information from the reporting entities as to analyze the STRs?**

Section 6(4)(b) of AML Act, 2010 empowers FMU to get information/record from any agency or person in Pakistan to analyze the reported STRs/CTRs and the related agency or person is required to provide the requisite information promptly to FMU. Further, Section 25(1) of the act may also be referred which requires reporting entities and other authorities to provide requisite information/records to investigating/prosecuting agencies and FMU. Moreover, as per section 25(2) of the act, whoever willfully fails or refuses the provision of the requisite information, shall be proceeded against by its respective department or organization of misconduct and such officer shall also be liable for an imprisonment for a term which may extend up to five years, a fine which may extend to rupees one million or both, and the respective organization shall be liable for a fine which may extend to rupees ten million.



## Financial Monitoring Unit (FMU) Government of Pakistan

---

### **Reporting Process of STRs**

#### **Q-11. How a reporting entity can file an STR?**

The reporting entities can report STRs via goAML Web which is a web-based system for reporting of STRs. First the reporting entity and its related officer(s) need to register themselves on goAML. After successful registration, the reporting entities can report STRs to FMU. Paper-based reports are no more accepted by FMU and all the reporting needs to be done online via goAML. The reporting entities can access goAML web via link <https://goamlweb.fmu.gov.pk/PRD/Home> or [www.fmu.gov.pk/goaml](http://www.fmu.gov.pk/goaml).

#### **Q-12. Are there any guidelines or manuals issued by FMU for the reporting of STRs ?**

FMU has issued necessary manuals / guidelines for registration and reporting of STRs. FMU has also issued advisories &/or guidance documents related to STR reporting. These can be accessed from FMU's website and goAML web. The relevant information/documents can be accessed via link <https://goamlweb.fmu.gov.pk/PRD/Home/Help> and <http://www.fmu.gov.pk/circulars-notifications/fmu-circulars/>.

Further, FMU has also created a goAML Helpdesk ([goamlhelpdesk@fmu.gov.pk](mailto:goamlhelpdesk@fmu.gov.pk)) to respond to the queries and assist/facilitate the Reporting Entities in reporting of STRs/CTRs. Moreover, registered reporting entities are required to raise the related queries/issues through goAML Message Board.

#### **Q-13. How many types of STRs can be reported on goAML?**

There are two types of STRs which can be reported by the reporting entities on goAML i.e. STR-A (Activity based STR, i.e. adverse media news, attempted transaction, etc) and STR-F (Transaction based STR, i.e. high volume of cash transactions, transactions inconsistent with profile, etc).

#### **Q-14. Which STR type the reporting entity needs to create when the suspicion is a mix of both activity as well as financial?**

If a reporting entity has both suspicions of STR-A and STR-F in a particular case, the reporting of a STR-F shall be opted.

#### **Q-15. Can a supplementary STR be reported to FMU?**

The reporting entity is required to report a supplementary STR when some additional information is available. To report a supplementary STR, the reporting entity may submit a new STR while providing reference of the related STR(s) or initial STR in the reason for reporting.

#### **Q-16. How many transactions can be filed in a STR?**

There is no minimum or maximum limit of transactions for reporting a STR and the reporting entity is required to report all the related suspicious transactions in a report. Further, STR can also be reported without any transaction performed as activity-based STR.



## Financial Monitoring Unit (FMU) Government of Pakistan

---

### **Q-17. Is there a threshold defined for reporting of a STR?**

There is no threshold set for the reporting of STR and STR reporting is done against suspicious transactions or activity, either executed or attempted, irrespective of any threshold.

### **Q-18. What would be the mechanism to amend or correct the information already shared under reported STRs?**

If a STR is submitted by the reporting entity and such report has been accepted on goAML, there is no direct mechanism available to reporting entities as to amend the report. Therefore, reporting entities are advised to authenticate and verify the information prior to submitting the report on goAML. However, for amending an already accepted report, the reporting entity can approach FMU in writing preferably via goAML Message Board to facilitate the requisite amendment(s).

### **Q-19. Is there any acknowledgment provided by FMU against the reported STR?**

FMU provides system generated acknowledgement through goAML system against each reported STR via goAML Message Board. The registered person(s) of each Reporting Entity also receives notifications of the related messages on their email addresses registered on goAML.

### **Q-20. If a STR is rejected, what would be the process to resubmit the rejected STR?**

Whenever a report is rejected on goAML, the reason(s) for rejection can be accessed from the acknowledgement of the report in goAML Message Board and the rejection reason can also be accessed from the tab Submitted Reports. In order to resubmit a web report, the reporting entity can revert such report and resubmit after incorporating the relevant amendments. However, for reports submitted via xml file, the report may be submitted again after executing the relevant changes in the data/file.

### **Q-21. Should reporting entities terminate relationship with customer after filing of STR?**

Keeping in view the level of risk posed by the client, it depends on reporting entity's own internal control and compliance policy. However, in certain case(s), the reporting entities shall terminate the business relationship as given in section 7D(1)(a) of the act and may also terminate relationship in other scenarios as defined in any regulations issued by the regulatory/supervisory body.

### **Q-22. Is a reporting entity required to freeze accounts/funds after filing of STR?**

There is no requirement for freezing of funds related to the suspect or funds available in the suspect's account after reporting of the STR. However, funds must be frozen by the reporting entity wherever it is required by any law for instance if a person is listed on 4th Schedule the reporting entity needs to freeze the available funds as per the relevant provision(s) of Anti-Terrorism Act, 1997.



## Financial Monitoring Unit (FMU) Government of Pakistan

---

### **Q-23. Do the reporting entities need to report STRs against all the customers who are Politically Exposed Persons (PEPs)?**

Reporting entities do not need to report STR against all the customers who are PEPs. However, the reporting entities are required to closely monitor the transactions / activity of PEPs and conduct Enhanced Due Diligence of their relationships, their family members and associates and STR is required to be reported if any possible ML/TF element is suspected.

### **Q-24. Can a single STR be filed against multiple interlinked individuals/entities?**

The reporting entity can file a STR against multiple interlinked individuals/entities. But, in such scenarios, the reporting entity is required to analyze the relationships/associations in detail which may specifically be reflecting within the field of Reason for Reporting. Further, the reporting entity must stipulate the sources of information including the facts & findings in detail for linking of the related individuals/entities.

### **Q-25. Is there any exemption given to the government accounts with respect to reporting of STRs?**

There is no exemption for reporting of STRs related to transactions or activity conducted in government accounts.

### **Q-26. Does FMU provide any feedback to the reporting entity against the reported STRs?**

FMU provides cumulative feedback to the reporting entities through arranging meetings, seminars, compliance forums, etc. The feedback is also provided directly to a particular reporting entity, as and when necessary.

### **Q-27. If the suspected criminal activity has been committed in a foreign jurisdiction or a foreign national is found to be involved in a suspicious activity, is the reporting of a STR still required?**

In both scenarios, the reporting entity shall report a STR to FMU.

### **Q-28. Can a reporting entity withdraw an already reported STR?**

An STR cannot be withdrawn by a reporting entity however, additional information can be shared with FMU preferably through the reporting of a supplementary STR.

### **Q-29. If a transaction has been reported as a CTR and later the same transaction is also identified as a suspicious transaction, then would it be mandatory for the same transaction to be reported as a STR too?**

CTR is a threshold-based report which is required to be reported by a reporting entity when a cash transaction above a specified threshold is conducted which in its case is PKR 2 million and above or equivalent. However, in the scenario if a transaction has been reported as a CTR and later on the reporting entity identifies the same transaction as suspicious, then the reporting entity is required to also report that transaction as a suspicious transaction in a STR.



## **Other/General Questions**

### **Q-30. How STR is different from CTR?**

STR is a Suspicious Transaction Report which is reported when a suspicious transaction/activity involving money laundering and terrorism financing is indicated. However, CTR is a Currency Transaction Report which is required to be reported when a cash transaction is equal to or exceeds the specified threshold i.e. PKR 2 million and above or equivalent.

### **Q-31. Does the reporting of a STR against an individual infers that the individual is involved in a criminal activity?**

STR reporting against an individual does not make him a criminal unless he/she is proven guilty in a court of law.

### **Q-32. What should the reporting entity do if the information of the STR reported is published on media?**

If any such apparent breach of confidentiality is noticed by the reporting entity, the same may be brought immediately in the notice of FMU.

.....

---

#### **Contents and Disclaimer:**

---

- These FAQs have been developed to highlight the good practices which should be adopted by the Reporting Entities and to address the queries regularly received by the Financial Monitoring Unit. It is intended to help the Reporting Entities in submitting good quality STRs that provide maximum benefit to law enforcement. These FAQs should be read in conjunction with the other guidelines issued by FMU for the Reporting Entities.
  - The answers provided to the questions are intended to provide good practice GUIDANCE ONLY. The answers are not intended to, nor should they be construed as, providing any form of legal advice.
  - For further information and advice, please refer to other guidelines issued by the FMU which are available on the website.
-