



Circular No. 13/2018

October 05, 2018

ALL MEMBERS OF THE INSTITUTE

Dear Member

Anti-Money Laundering and Counter Financing of Terrorism - A Guide for Accountants

Accountants are required to take Anti-Money Laundering and Counter Financing of Terrorism (AML and CFT) measures. The Anti-Money Laundering Act 2010 (AML Act) and Financial Action Task Force (FATF) Recommendations include 'Accountants' as one of the professional service providers that are obligated to adopt measures for combating money laundering and terrorist financing. Under the AML Act, Accountants are "Reporting Entity", categorized under "Non-Financial Business or Profession".

Earlier, the Institute issued Circular No. 3 of 2018 (dated February 27, 2018) with the objective to draw members' attention and create awareness about Pakistan's AML and CFT legislations, role of Financial Monitoring Unit (FMU), role and relevance of the Financial Action Task Force (FATF) and its Recommendations and the applicability of AML/CFT requirements on the Accountants.

The Institute in consideration of the significance and relevance of the AML and CFT requirements has continued its efforts towards developing further understanding of its members and providing them with timely and comprehensive guidance. As part of these efforts, the Institute's Technical Services Department in consultation with FMU has developed the enclosed Guidance "**Anti-Money Laundering and Counter Financing of Terrorism - A Guide for Accountants**" (the Guide).

This Guide has been developed with the objective to assist and facilitate, the practicing firms, members of the Institute and other stakeholders that provide the specified services (as listed in the FATF Recommendations) and consequently have compliance obligations under the AML Act, in:

- a) Understanding the scope and nature of services related to the Accountants that are subject to AML and CFT requirements;
- b) Understanding the responsibilities of the Accountants under the AML and CFT legislations and the FATF Recommendations;
- c) Establishing AML/CFT compliance programme by using a risk-based approach, to effectively take the AML and CFT measures (customer-due diligence, record keeping etc.); and
- d) Understanding the 'Suspicious Transaction Reporting' and 'Currency Transaction Reporting' obligations emanating from the AML Act.

(Established under the Chartered Accountants Ordinance, 1961 - X of 1961)



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To meet above objectives, the Guide through a series of questions and answers provides overview of the:

- Pakistan AML and CFT regulatory regime;
- Nature of Accountant's activities falling under the scope of the FATF Recommendations;
- Risk-based approach for AML/CFT system and procedures;
- Customer due diligence;
- Suspicious activity reporting;
- Record keeping; and
- Awareness and training.

The Guide can also be accessed at <http://www.icap.net.pk/publications-articles>

Further, a page containing useful web-links has also been provided on the Institute's website, through which members and other stakeholders can access various other relevant publications / documents issued by FMU, FATF and Securities Exchange Commission of Pakistan.

We hope that you find the Guide helpful in understanding the AML and CFT requirements and fulfilling your obligations effectively and efficiently.

Yours truly

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Director Technical Services

Encls: as above