

### **FATF wants swift completion of plan: Pakistan gets until June to get out of grey list**

ISLAMABAD: The Financial Action Task Force (FATF) on Friday kept Pakistan on the grey list till June 2020 for complying with the remaining conditions of its 27-point action plan, especially those concerned with penalising and prosecuting terrorist financing (TF) network.

“To date, Pakistan has largely addressed 14 of 27 action items, with varying levels of progress made on the rest of the action plan. The FATF strongly urges Pakistan to swiftly complete its full action plan by June 2020,” the Paris-based anti-terror watchdog said in its statement at the conclusion of plenary meeting held at Paris from Feb 16 to 21.

Adviser to the PM on Finance Dr Abdul Hafeez Shaikh publicly thanked the Chinese government for its massive support in the meetings. He said China and other brotherly countries supported Pakistan throughout the FATF process in terms of guiding the country to improve its framework.

Pakistan was granted the first extension by the FATF plenary in last Oct/Nov 2019 for complying with its conditions till Feb 2020. At that time Pakistan was compliant on five points out of the total of 27 points. In the second extension, Pakistan has been given a four-month extension up to June 2020 after finding it compliant on 14 action points.

Practically, Pakistan has to submit its compliance report till April 30, 2020. A face to face meeting will be held in May 2020 and finally the FATF plenary meeting is expected to meet anytime in June 2020 to gauge the country's performance on the remaining conditions and decide to place it on the white or the undesirable blacklist.

Pakistan's delegation led by Minister for Economic Affairs Hammad Azhar attended the plenary meeting at Paris. Pakistani authorities argue that they avoided falling into the blacklist by making apparent progress, as earlier the country was declared compliant on five points and the recently concluded meeting at Paris endorsed Pakistan's progress on nine more points so the country was found fully compliant on 14 out of 27 action points.

However, the FATF also warned that should significant and sustainable progress, especially in prosecuting and penalising TF not be made by the next plenary, the FATF will take action, which could include calling on its members and urging all jurisdictions to advise their FIs to give special attention to business relations and transactions with Pakistan.

The FATF also reminded Pakistan that “all deadlines in the action plan have expired. While noting recent notable improvements, the FATF again expressed concerns over Pakistan's failure to complete its action plan in line with the agreed timelines and in light of the TF risks emanating from the jurisdiction”.

It further stated that since June 2018, when Pakistan made a high-level political commitment to work with the FATF and APG to strengthen its AML/CFT regime and to address its strategic counter-terrorist financing-related deficiencies, Pakistan's political commitment has led to progress in a number of areas in its action plan, including risk-based supervision and pursuing domestic and international cooperation to identify cash couriers.

The FATF stated that Pakistan should continue to work on implementing its action plan to address its strategic deficiencies, including: (1) demonstrating that remedial actions and sanctions are applied in cases of AML/CFT violations, relating to TF risk management and TFS obligations; (2) demonstrating that competent authorities are cooperating and taking action to identify and take enforcement action against illegal money or value transfer services (MVTs); (3) demonstrating the implementation of cross-border currency and BNI controls at all ports of entry, including applying effective, proportionate and dissuasive sanctions; (4) demonstrating that law enforcement agencies (LEAs) are identifying and investigating the widest range of TF activity and that TF investigations and prosecutions target designated persons and entities, and those acting on behalf or at the direction of the designated persons or entities; (5) demonstrating that TF prosecutions result in effective, proportionate and dissuasive sanctions (6) demonstrating effective implementation of targeted financial sanctions (supported by a comprehensive legal obligation) against all 1267 and 1373 designated terrorists and those acting for or on their behalf, including preventing the raising and moving of funds, identifying and freezing assets (movable and immovable), and prohibiting access to funds and financial services; (7) demonstrating enforcement against TFS violations including administrative and criminal penalties and provincial and federal authorities cooperating on enforcement cases; (8) demonstrating that facilities and services owned or controlled by designated person are deprived of their resources and the usage of the resources.

The Ministry of Finance issued a statement on Friday stating that the FATF plenary meeting was held in Paris from February 16-21, 2020 that was attended by the Pakistani delegation led by Muhammad Hammad Azhar, Minister for Economic Affairs Division.

During the last reporting period, Pakistan has made significant progress in the implementation of FATF Action Plan, which has been demonstrated by the completion of nine additional action items.

The FATF acknowledged the steps taken by Pakistan towards implementation of its Action Plan and welcomed its high level political commitment. It also FATF highlighted the need for further actions for completing the Action Plan by June 2020. The FATF members agreed to maintain Pakistan's status on the FATS's Compliance Document, normally referred to as the Grey List.

"The Government of Pakistan stands committed to taking all necessary actions required for completing the remaining items in the Action Plan. A strategy in this regard has been formulated and is being implemented," the statement further stated.