

SECP issues updated guidelines for NPOs

ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) has cautioned the non-profit organizations that NPOs must ascertain correct and complete identification particulars of their beneficiaries who receive cash or services or in-kind contributions.

According to the updated guidelines for non-profit organizations (NPOs) issued by the Securities and Exchange Commission of Pakistan, the NPOs must know their beneficiaries and partners. This is for the time that any government regulator has issued a comprehensive updated guide for the NPOs and NGOs to guide them on the issues relating to the FATF/AML etc.

The SECP informed that NPOs must ascertain correct and complete identification particulars of their beneficiaries (person, group of persons or organization etc) who receive cash or services or in-kind contributions.

In case the beneficiary is an organization/group of persons, donor NPOs must have knowledge of detailed profile and particulars of such organization. The NPOs shall ensure that the beneficiaries are not linked with any suspected terrorism activity or any link with terrorist support networks.

In case where the projects are implemented through partnership agreements with other partners, the NPOs shall make it a part of their project agreements that partners shall maintain and share beneficiaries' information. They may also share and pool intelligence/insights about particular beneficiary organizations or sectors.

The NPOs must ensure that the partner organizations shall not be from any such organization whose licence has been revoked by SECP or registration cancelled by other authorities.

NPOs must maintain records of particulars of its employees (both Pakistani or foreign nationals), including but not limited to permanent address, present address, copy of NIC, passport number, nationality, personal email ID, NTN, phone or mobile number, past experience, etc.

The NPOs must check work history by taking up references, calling referees and probing their previous jobs.

The SECP report said that every potential employee must be screened, whether permanent or temporary. For senior-level and finance positions, NPOs need to carry out enhanced checks, including criminal history and financial background.

Management must be alert to changes in employees' lives which might put them under increased pressure.

The report said that the National Counter Terrorism Authority (NACTA) has drafted Model Charity Law for non-profit organizations (NPOs) implemented by provincial governments to ensure transparency and accountability, sharing of registration details amongst the provinces, and assessment mechanisms.

According to the updated guidelines for non-profit organizations (NPOs) issued by the Securities and Exchange Commission of Pakistan, NACTA has also drafted Model Charity Law which has been adopted by various provincial governments in the form of Provincial Charities Acts and which contains various provisions to ensure transparency and accountability, sharing of registration details amongst the provinces, and assessment mechanisms. This law provides an effective legal and monitoring framework for NPOs in line with the FATF Recommendation

In addition, this law also complies with international requirements under UN Security Council's Resolutions 1267, 1373, 1526 and 2368 and national security concerns.

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