

FATF recommendations: Pakistan told to track transactions of \$3,000 and above

ISLAMABAD: The Asia Pacific Group (APG) on Financial Action Task Force (FATF) has asked Pakistan for tracking down all financial transaction ranging from 3000 to 15,000 US dollars/Euro in cash through real estate agents, dealers in precious metals and stones, lawyers, notaries, other independent legal professional and accountants as well as trust and companies services in a bid to curb money laundering and terror financing. In the basic recommendations of FATF, it made it binding to comply with condition related to Casino where customers engage in financial transactions equal or above USD/Euro 3,000, however, Pakistani team informed the visiting team it was not applicable in case of Pakistan as Casino/gambling is prohibited by law to operate in the country.

Official sources told The News on Tuesday that now it was made mandatory for other service providers to report Currency Transaction Reports (CTRs) to Financial Monitoring Unit (FMU) so that the money laundering and terror financing could be tracked effectively.

The visiting APG team of FATF here in Islamabad is currently evaluating Pakistan's progress on many issues from Oct 8 to 19 including Designated Non- Financial Businesses and Professions (DNFBPs) customers in terms of due diligence mechanism under which the Federal Board of Revenue (FBR) was basically assigned to prepare rules for DNFBPs for covering FATF requirements including conducting customers due diligence, record keeping, internal controls, higher risk countries and reporting of suspicious transactions.

The FBR is in the process of finalisation of rules for implementing regulation made by Financial Monitoring Unit (FMU). For Real Estate Agents, when they are engaged in transaction for client concerning the buying and selling of real estate. The dealers in precious metals and stones who are engaged in any cash transactions with a customer equal or above to USD/Euro 15,000.

The lawyers, notaries, other independent legal professionals and accountants when they prepare for or carry out transactions for their clients related to buying and selling of real estate; managing of client money, securities or other assets; management of bank, savings or securities accounts; organization of contribution for creation, operation or management of companies and creation, operation or management of legal persons or organizations buying and selling of business entities. Trust and company service providers when they prepare for carry out transactions related to acting as a formation agent of legal persons, acting as director or Secretary of a company, a partner of partnership or a similar position in relation to other legal persons; acting as trustee of an express trust or performing the equivalent for another person as a nominee shareholder for another person.

The Anti-Money Laundering (AML) ACT 2010 defined NFBPs in section 2(m) of AML Act 2010 that includes real estate agents, jewelers, dealers in precious metals, lawyers, notaries and other professionals such as accountants, trust and company service providers while 2(u) makes NFBP as reporting entity for reporting of Suspicious Transaction Reporters (STRs) and Currency Transaction Reporters (CTRs) to FMU.

Under section 7(7) of AML Act 2010 makes it mandatory that every reporting entity shall in accordance with the regulation issued by relevant regulatory authority will conduct customers due diligence and maintain record of transactions, account files and documents obtained through

such diligence. The Institute of Chartered Accountants Pakistan (ICAP) issued a circular in February 2018 specifying the obligation upon professional accountants for combating money laundering and terror financing. The DNFBP should be required to comply with the reliance on third party requirements set out in recommendations given by FATF.