

A. REGULATION-1: CUSTOMER DUE DILIGENCE (CDD)

The paragraph 4 of the above Regulation shall be replaced as under:

| Existing Provisions | Amended Provisions |
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| The Bank/ DFI shall verify identity documents of the customers from relevant authorities/document issuing bodies and where necessary using other reliable, independent sources and retain on record copies of all reference documents used for identification and verification. The verification shall be the responsibility of concerned bank/DFI for which the customer should neither be obligated nor the cost of such verification be passed on to the customers. | The Bank/ DFI shall verify identities of the customers (natural persons) and in case of legal persons, identities of their natural persons from relevant authorities or where necessary using other reliable, independent sources and retain on record copies of all reference documents used for identification and verification. The verification shall be the responsibility of concerned bank/DFI for which the customer should neither be obligated nor the cost of such verification be passed on to the customers. |

The paragraph 13 (CDD Measures for Occasional Customers/ Walk-in Customers) of the above Regulation shall be replaced as under:

| Existing Provisions | Amended Provisions |
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| <p>Banks/DFIs shall;</p> <p>(a) obtain copy of CNIC from occasional customers/walk-in customers conducting cash transactions above rupees 1.0 million whether carried out in a single operation or in multiple operations that appear to be linked;</p> <p>(b) obtain originator information along with copy of CNIC while carrying out online transactions (regardless of threshold) by occasional customers/walk-in-customers or where such person is conducting transaction on behalf of an account holder;</p> <p>(c) in relation to Para 13 (b) above, name and CNIC No. of originator shall be captured in system and made accessible along with transaction details at corresponding branch if (i) online transaction exceeds Rs. 100,000; and (ii) transaction is taking place between two branches of different cities.</p> <p>(d) obtain copy of CNIC from occasional customers/walk-in-customers who wish to purchase remittance instruments e.g. POs, DDs and MTs etc.</p> | <p align="center">CDD Measures for Occasional Customers/ Walk-in Customers and Online Transactions</p> <p>Banks/DFIs shall;</p> <p>(a) in case of occasional customers/walk-in-customers;</p> <p>(i) obtain copy of CNIC while conducting cash transactions above rupees 0.5 million; and</p> <p>(ii) obtain copy of CNIC while issuing remittance instruments e.g. POs, DDs and MTs etc.</p> <p>(b) obtain copy of CNIC (regardless of threshold) while conducting online transactions by occasional customers/walk-in-customers (except deposits through Cash Deposit Machines or cash collection/management services). If transaction exceeds Rs. 100,000 the name and CNIC No. shall be captured in system and made accessible along with transaction details at beneficiary's branch.</p> |

The paragraph 18 of the above Regulation shall be replaced as under:

| Existing Provision | Amended Provision |
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| In relation to Para 17 above, in order to avoid the risk where front-end staff do not follow the desired procedures and update the KYC/CDD | In relation to Para 17 above, customers' profiles should be revised keeping in view the spirit of KYC/CDD and basis of revision shall be |

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| form of the customer based on their personal knowledge/perception rather than interviewing the customer, banks/DFIs shall obtain sign-off from the customer on every revision of KYC/CDD form. | documented and customers may be consulted, if necessary. |
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The paragraph 25 of the above Regulation shall be replaced as under:

| Existing Provision | Amended Provision |
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| Banks/ DFIs shall not provide any banking services to proscribed entities and persons or to those who are associated with such entities and persons , whether under the proscribed name or with a different name. The banks/DFIs should monitor their relationships on a continuous basis and ensure that no such relationship exists. If any such relationship is found, the same should be immediately reported to Financial Monitoring Unit (FMU) and other actions shall be taken as per law. | Banks/ DFIs shall not provide any banking services to proscribed entities and persons or to those who are known for their association with such entities and persons , whether under the proscribed name or with a different name. The banks/DFIs should monitor their relationships on a continuous basis and ensure that no such relationship exists. If any such relationship is found, the same should be immediately reported to Financial Monitoring Unit (FMU) and other actions shall be taken as per law. |

The paragraph 27 of the above Regulation shall be replaced as under:

| Existing Provision | Amended Provision |
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| For customers whose accounts are dormant or in-operative, bank/DFIs may allow credit entries without changing at their own, the dormancy status of such accounts. Debit transactions/ withdrawals shall not be allowed until the account holder requests for activation and produces afresh attested copy of his/her CNIC and bank/DFI is satisfied with CDD of the customer. | For customers whose accounts are dormant or in-operative, bank/DFIs may allow credit entries without changing at their own, the dormancy status of such accounts. Debit transactions/ withdrawals shall not be allowed until the account holder requests for activation and produces attested copy of his/her CNIC if already not available and bank/DFI is satisfied with CDD of the customer. |

The paragraph 30 (c) of the above Regulation shall be replaced as under:

| Existing Provision | Amended Provision |
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| establish, by appropriate means, the sources of wealth or beneficial ownership of funds; including obtaining a self-declaration to this effect; and | establish, by appropriate means, the sources of wealth or beneficial ownership of funds, as appropriate; including bank/DFI's own assessment to this effect; and |

B. REGULATION-2: CORRESPONDENT BANKING

The paragraph 1 of the above Regulation shall be replaced as under:

| Existing Provision | Amended Provision |
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| In addition to measures required under Regulation 1 (as necessary), banks/ DFIs shall take the following measures for providing correspondent banking services- | In addition to measures required under Regulation 1 (as deemed necessary by the bank/DFI), banks/ DFIs shall take the following measures for providing correspondent banking services- |

The paragraph 1 (a) (iii) of the above Regulation shall be replaced as under:

| Existing Provision | Amended Provision |
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| <p>assess the respondent bank's AML/CFT systems and ascertain that they are adequate and effective, having regard to the AML/CFT measures of the country or jurisdiction in which the respondent bank operates;</p> | <p>assess the respondent bank in the context of sanctions/embargoes and Advisories about risks;</p> |

C. REGULATION-3: WIRE TRANSFERS / FUND TRANSFERS

The paragraph 3 of the above Regulation shall be replaced as under:

| Existing Provisions | Amended Provisions |
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| <p>Bank/DFI shall include the following information in the message or payment instruction which should accompany or remain with the wire transfer throughout the payment chain:</p> <ul style="list-style-type: none"> (a) the name of the wire transfer originator; (b) the wire transfer originator's account number (or unique reference number assigned by the ordering institution where no account number exists); (c) the wire transfer originator's address, CNIC/passport number, date or place of birth or where originator is a legal person, necessary details such as registration number, date and place of incorporation; and (d) a System Track Audit Number (STAN) | <p>Bank/DFI shall include the following information in the message or payment instruction which should accompany or remain with the wire transfer throughout the payment chain:</p> <ul style="list-style-type: none"> (a) the name of the originator; (b) the originator's account number (or unique reference number which permits traceability of the transaction); and (c) the originator's address or CNIC/passport number; |

The paragraph 4 of the above Regulation shall be replaced as under:

| Existing Provision | Amended Provision |
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| <p>Beneficiary institution shall adopt risk-based internal policies, procedures and controls for identifying and handling in-coming wire transfers that are not accompanied by complete originator information. The incomplete originator information may be considered as a factor in assessing whether the transaction is suspicious and whether it merits reporting to FMU or termination thereof is necessary. Banks/DFIs as for possible, shall determine that cross border transactions on behalf of customers are in compliance with the regulations of other country (originator's country). Banks/ DFIs shall remain cautious when entering into relationship or transactions with institutions which do not comply with the standard requirements set out for wire transfers by limiting or even terminating business relationship.</p> | <p>Beneficiary institution shall adopt risk-based internal policies, procedures and controls for identifying and handling in-coming wire transfers that are not accompanied by complete originator information. The incomplete originator information may be considered as a factor in assessing whether the transaction is suspicious and whether it merits reporting to FMU or termination thereof is necessary. Banks/ DFIs shall remain cautious when entering into relationship or transactions with institutions which do not comply with the standard requirements set out for wire transfers by limiting or even terminating business relationship.</p> |

In the context of Regulation-3 (Wire Transfers/ Fund Transfers), it is clarified that the requirements may not apply to domestic fund transfer transactions through e-banking channels (e.g. ATM, internet banking & mobile banking etc) and RTGS provided bank/DFI has put in place appropriate controls.

D. REGULATION-4: REPORTING OF TRANSACTIONS (STRS/CTRS)

The paragraph 5 of the above Regulation shall be replaced as under:

| Existing Provision | Amended Provision |
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| Banks/DFIs are advised to make use of technology and upgrade their systems and procedures in accordance with the changing profile of various risks. Accordingly, all banks/DFIs are advised to implement automated Transaction Monitoring Systems (TMS) capable of producing meaningful alerts in real time , based on pre-defined parameters/thresholds and customer profile, for analysis and possible reporting of suspicious transactions. Further, banks/DFIs shall establish criteria in their AML/CFT Policies for management of such alerts. | Banks/DFIs are advised to make use of technology and upgrade their systems and procedures in accordance with the changing profile of various risks. Accordingly, all banks/DFIs are advised to implement automated Transaction Monitoring Systems (TMS) capable of producing meaningful alerts based on pre-defined parameters/thresholds and customer profile, for analysis and possible reporting of suspicious transactions. Further, banks/DFIs shall establish criteria in their AML/CFT Policies and/ or Procedures for management of such alerts. |

E. ANNEXURE-1: MINIMUM DOCUMENTS TO BE OBTAINED FROM VARIOUS TYPES OF CUSTOMERS UNDER AML/CFT REGULATIONS

The documents required at S. No. 4 for 'Limited Companies/Corporations' shall be replaced as under:

| Existing Provisions | Amended Provisions |
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| <p>Certified copies from Company Secretary/Public Notary of:</p> <ul style="list-style-type: none"> (i) Resolution of Board of Directors for opening of account specifying the person(s) authorized to open and operate the account. (ii) Memorandum and Articles of Association. (iii) Certificate of Incorporation. (iv) Certificate of Commencement of Business, wherever applicable. (v) Photocopies of identity documents as per Sr. No. 1 above of all the directors and persons authorized to open and operate the account. (vi) List of Directors on 'Form-A/Form-B' issued under Companies Ordinance 1984, as applicable. (vii) Form-29, wherever applicable; (viii) For individual (natural person) shareholders holding 5% or above stake in company/corporation, photocopies of identity document as per S. No. 1 above; and (ix) For legal persons holding shares equal to 5% or above, in addition to any other relevant document including certificate of incorporation, photocopies of identity document as per S. No. 1 above of their individual shareholders holding 5% or more stake. | <ul style="list-style-type: none"> (i) Certified copies of: <ul style="list-style-type: none"> (a) Resolution of Board of Directors for opening of account specifying the person(s) authorized to open and operate the account. (b) Memorandum and Articles of Association. (c) Certificate of Incorporation. (d) Certificate of Commencement of Business, wherever applicable. (e) List of Directors on 'Form-A/Form-B' issued under Companies Ordinance 1984, as applicable; and (f) Form-29, wherever applicable; (ii) Photocopies of identity documents as per Sr. No. 1 above of all the directors and persons authorized to open and operate the account. (iii) For individual (natural person) shareholders holding 20% or above stake (10% or above in case of EDD) in an entity, identification and verification of such natural persons; and (iv) For legal persons holding shares equal to 20% or above in an entity, identification and verification of individual (natural person) shareholders holding shares equal to 20% or above of that legal person. |