

A. DEFINITIONS

The existing definition 1 shall be replaced as under:

Existing Provision	Amended Provision
1. “Beneficial owner” in relation to a customer of a bank/ DFI, means the natural person(s) who ultimately own(s) or controls a customer or the person on whose behalf a transaction is being conducted and includes the person(s) who exercise(s) ultimate effective control over a person or a body of persons whether incorporated or not;	1. “Beneficial owner” in relation to a customer/ occasional customer/ walk-in customer of a bank/ DFI, means the natural person(s) who ultimately own(s) or controls a customer/ occasional customer/ walk-in customer or the person on whose behalf a transaction is being conducted and includes the person(s) who exercise(s) ultimate effective control over a person or a body of persons whether incorporated or not;

A general clause at serial number 33 of definitions shall be added as under

	33. Other terms used in these regulations, not defined here, shall have the same meaning as ascribed to them in AML/CFT laws, other relevant laws, rules, regulations or international standards prescribed by the relevant global bodies e.g. Basel Core Principles, FATF Recommendations/ Guidelines etc.
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B. REGULATION-1: CUSTOMER DUE DILIGENCE

The existing paragraph 1 of Regulation-1 shall be replaced as under:

Existing Provision	Amended Provision
<p>When CDD measures are to be applied</p> <p>1. Banks/DFIs shall apply CDD measures;</p> <p>(a) when establishing business relationship;</p> <p>(b) while dealing with occasional customers/ walk-in customers in line with Para 12 below;</p> <p>(c) in other situations/scenarios when there is suspicion of money laundering/ financing of terrorism, regardless of threshold.</p>	<p>When CDD measures are to be applied</p> <p>1. Banks/DFIs shall apply CDD measures;</p> <p>(a) when establishing business relationship;</p> <p>(b) while dealing with occasional customers/ walk-in customers in line with Para 13 below;</p> <p>(c) in other situations/ scenarios when there is suspicion of money laundering/ financing of terrorism, regardless of threshold; and</p> <p>(d) when bank/ DFI has doubts about the veracity or adequacy of previously obtained customer identification data.</p>

The existing paragraph 5 of Regulation-1 shall be replaced as under:

Existing Provision	Amended Provision
<p>Identification and Verification of Natural Persons Acting on Behalf of Customer 5. In relation to Para 4 above, where one or more natural persons are acting on behalf of a customer or where customer is legal person, bank/ DFI shall identify the natural persons who act on behalf of the customer and verify the identity of such persons.</p>	<p>Identification and Verification of Natural Persons Acting on Behalf of Customer 5. In relation to Para 4 above, where one or more natural persons are acting on behalf of a customer/ occasional customer/ walk-in customer or where customer is legal person or legal arrangement, bank/ DFI shall identify the natural persons who act on behalf of the customer and verify the identity of such persons. Moreover, the bank/DFI shall seek information on powers (legal basis or authority) that regulate and bind the legal person or arrangement, as well as the names of the relevant persons having a senior management position in the legal person or arrangement.</p>

The existing paragraph 7 of Regulation-1 shall be replaced as under:

Existing Provision	Amended Provision
<p>Identification and Verification of Identity of Beneficial Owners 7. In case of beneficial owner(s) in relation to a customer, reasonable measures shall be taken to obtain information to identify and verify the identities of the beneficial owner(s).</p>	<p>Identification and Verification of Identity of Beneficial Owners 7. Reasonable measures shall be taken to obtain information to identify and verify the identities of the beneficial owner(s) in relation to a customer, using the relevant information or data obtained from a reliable source.</p>

The existing paragraph 8 of Regulation-1 shall be replaced as under:

Existing Provision	Amended Provision
<p>8. Where the customer is not a natural person, the bank/DFI shall (i) take reasonable measures to understand the ownership and control structure of the customer for obtaining information required under Para 9 below and (ii) determine the natural persons who ultimately own or control the customer.</p>	<p>8. Where the customer is not a natural person, the bank/DFI shall (i) take reasonable measures to understand the nature of the customer’s business and its ownership and control structure for obtaining information required under Para 10 below and (ii) determine the natural persons who ultimately own or control the customer.</p>

A new paragraph 9 shall be added after existing paragraph 8 of Regulation-1 as under:

Existing Provision	Amended Provision
	<p>9. In case there is doubt under Para 8 as to whether the persons with the controlling ownership interest is/ are the beneficial owners or where no natural person exerts</p>

Existing Provision	Amended Provision
	control through ownership interests, the identity of the natural persons (if any) exercising control of the legal person or arrangement should be identified and verified through other means. Where no natural person is identified, the identity of the relevant natural person who holds the position of senior managing official should be verified along with other due diligence measures.

The existing paragraph 12 of Regulation-1 shall be replaced as under:

Existing Provision	Amended Provision
<p>CDD Measures for Occasional Customers/ Walk-in Customers and Online Transactions</p> <p>12. 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 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>	<p>CDD Measures for Occasional Customers/ Walk-in Customers and Online Transactions</p> <p>12. Banks/DFIs shall;</p> <p>(a) in case of occasional customers/walk-in-customers;</p> <p>(i) obtain copy of CNIC or conduct biometric verification while conducting cash transactions of rupees 0.5 million or above, including where the transaction is carried out in a single operation or in several transactions that appear to be linked; and</p> <p>(ii) obtain copy of CNIC or conduct biometric verification while issuing remittance instruments e.g. POs, DDs and MTs etc.</p> <p>(b) obtain copy of CNIC or conduct biometric verification (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 also be captured in the system and made accessible along with transaction details at beneficiary's branch.</p>

A new paragraph 14 shall be added after existing paragraph 13 of Regulation-1 as under:

Existing Provision	Amended Provision
	14. In cases where banks/DFIs form a suspicion of money laundering, terrorist financing or other criminal activity, and they reasonably believe that performing the CDD process will tip-off the customer, they may not to pursue the CDD process, and instead file an STR with FMU.

A new paragraph 19 shall be added after existing paragraph 18 of Regulation-1 as under:

Existing Provision	Amended Provision
	<p>19. In case of an account/ relationship of an entity with abbreviated name or title, the bank/DFI shall satisfy itself that the subject name/ title is in accordance with the constituent documents of the customer entity. Any account/relationship shall not be allowed in abbreviated name in cases where entity has its complete name (non-abbreviated) in their constituent document.</p>

The existing paragraph 19 of Regulation-1 shall be replaced as under:

Existing Provision	Amended Provision
<p>Review of Products and services 19. Banks/DFIs shall establish criteria of identifying and assessing ML/FT risks that may arise in relation to new products, services, business practices and delivery mechanisms including the review of existing products and services on on-going basis.</p>	<p>Review of Products and services 19. Banks/DFIs shall identify and assess the ML/TF risks that may arise in relation to the development of new products, services and business practices including delivery mechanisms and the use of new or developing technologies for both new and pre-existing products.</p>

A new paragraph 36 shall be added after existing paragraph 35 of Regulation-1 as under:

Existing Provision	Amended Provision
	<p>Customers from Jurisdictions identified by FATF 36. Banks/ DFIs shall apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from jurisdictions for which this is called for by the FATF.</p>

C. REGULATION-2: CORRESPONDENT BANKING

The existing paragraph 3 of Regulation-2 shall be replaced as under:

Existing Provision	Amended Provision
<p>3. Banks/ DFIs shall pay special attention when establishing or continuing correspondent relationship with banks/ financial institutions which are located in jurisdictions that have been identified or called for by FATF for inadequate and poor AML/CFT standards in the fight against money laundering and financing of terrorism.</p>	<p>3. Banks/ DFIs shall apply enhanced due diligence when establishing or continuing correspondent relationship with banks/ financial institutions which are located in jurisdictions that have been identified or called for by FATF for inadequate and poor AML/CFT standards in the fight against money laundering and financing of terrorism.</p>

D. REGULATION-3: WIRE TRANSFERS/ FUND TRANSFERS

The existing paragraph 3 of Regulation-3 shall be replaced as under:

Existing Provision	Amended Provision
<p>3. 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> <p>(a) the name of the originator;</p> <p>(b) the originator’s account number (or unique reference number which permits traceability of the transaction); and</p> <p>(c) the originator’s address or CNIC/passport number.</p>	<p>3. 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> <p>(a) the name of the originator;</p> <p>(b) the originator’s account number (or unique reference number which permits traceability of the transaction);</p> <p>(c) the originator’s address or CNIC/ passport number;</p> <p>(d) the name of the beneficiary; and</p> <p>(e) the beneficiary’s address or CNIC/ passport number.</p>

A new paragraph 4 shall be added after existing paragraph 3 of Regulation-3 as under:

Existing Provision	Amended Provision
	<p>Responsibility of the Beneficiary Institution</p> <p>4. Beneficiary institution shall verify the identity of the beneficiary, if the identity has not been previously verified, and record this information.</p>

The existing paragraph 4 of Regulation-3 shall be replaced by two paragraphs as under:

Existing Provision	Amended Provision
<p>Responsibility of the Beneficiary Institution</p> <p>4. 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>	<p>4. 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 or beneficiary information. The incomplete originator or beneficiary information may be considered as a factor in assessing whether to execute or terminate the transaction, and in assessing whether the transaction is suspicious and merits reporting to FMU.</p> <p>5. 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>

The existing paragraph 5 of Regulation-3 shall be replaced as under:

Existing Provision	Amended Provision
<p>Responsibility of Intermediary Institution 5. A bank/DFI that is an intermediary institution shall, in passing onward the message or payment instruction, maintain all the required originator information with the wire transfer.</p>	<p>Responsibility of Intermediary Institution 5. Bank/DFI as an intermediary financial institution shall:</p> <ul style="list-style-type: none"> (a) in passing onward the message or payment instruction, maintain all the required originator and beneficiary information with the wire transfer; (a) keep a record of all the information received from the ordering financial institution or another intermediary financial institution, as per relevant record keeping requirements; (b) take reasonable measures, which are consistent with straight-through processing, to identify cross-border wire transfers that lack required originator information or beneficiary information; and (c) have risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or beneficiary information; and (b) the appropriate follow-up action.

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

The existing paragraph 6 of Annexure-1 shall be replaced as under:

Existing Provision	Amended Provision
<p>6. Trust, Clubs, Societies and Associations etc (i) Certified copies of: (a) Certificate of Registration/Instrument of Trust (b) By-laws/Rules & Regulations (ii) Resolution of the Governing Body/Board of Trustees/Executive Committee, if it is ultimate governing body, for opening of account authorizing the person(s) to operate the account. (iii) Photocopy of identity document as per Sr. No. 1 of the authorized person(s) and of the members of Governing Body/Board of Trustees /Executive Committee, if it is ultimate governing body.</p>	<p>6. Trust, Clubs, Societies and Associations etc. (i) Certified copies of: (a) Certificate of Registration/ Instrument of Trust (b) By-laws/ Rules & Regulations (ii) Resolution of the Governing Body/ Board of Trustees/ Executive Committee, if it is ultimate governing body, for opening of account authorizing the person(s) to operate the account. (iii) Photocopy of identity document as per Sr. No. 1 of the following: (a) authorized person(s) (b) members of Governing Body/Board of Trustees /Executive Committee, if it is ultimate governing body</p>

Existing Provision	Amended Provision
	(c) settlor, the trustee(s), the protector (if any), the beneficiaries or class of beneficiaries
