

SBP issues Guidelines for Combating Money Laundering & Terrorist Financing

The State Bank of Pakistan (SBP) today issued Guidelines for Combating Money Laundering and Terrorist Financing to all Exchange Companies (ECs) operating in the country in order to avert the risks posed by money laundering and terrorist financing.

Exchange Companies have been advised by State Bank of Pakistan to follow the Guidelines in letter and spirit. Further, Exchange Companies shall review and submit their policy for combating money laundering and terrorist financing on annual basis, latest by September 30 of that financial year, duly approved by their Board of Directors, says FE Circular No. 3 of May 31, 2012.

According to the Guidelines, the Exchange Companies shall obtain from customers information as to the purpose and intended nature of transaction and every customer shall be identified for conducting any business transaction.

The Guidelines said that the Exchange Companies should ensure strict compliance of legal and regulatory framework including the Statutory Notifications issued from time to time by the Federal Government under United Nations (Security Council) Act, 1948 to apply certain measures for giving effect to the decisions of the United Nations Security Council.

Exchange Companies should monitor all complex, unusually large transactions and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose. In case of suspicion, consideration should be given to file a Suspicious Transaction Report (STR) with FMU, the Guideline said.

According to the Guidelines, attention of Exchange Companies has also been drawn towards 'Red Flag Indicators' for the purpose of generating STRs to Financial Monitoring Unit (FMU) as issued by FMU and available on its website. Further Suspicious Transaction Report/ Currency Transaction Report (STR/CTR) reporting forms and other guidelines can be accessed from FMU's website: www.fmu.gov.pk, the Guidelines instructed Exchange Companies.

Exchange Companies should consider risk factors like customer's background, country of origin, public or high profile position, and other risk indicators, the Guidelines said, adding that the Board of Directors of an Exchange Company shall appoint/designate/nominate a suitably qualified and experienced person as Company Compliance Officer (CCO).

'The CCO shall be responsible for effective compliance of regulatory requirements and Exchange Company's own policies and procedures relating to combating money laundering and terrorist financing, the Guidelines said, adding that the CCO shall serve as a contact point between the CEO and senior management with regard to implementation of Company policy for combating money laundering and terrorist financing.

The text of FE Circular No. 3 of May 31, 2012 and the complete Guidelines are attached with this press release.
