

SECP'S EXPECTATIONS FROM THE COMPANIES AND LIMITED LIABILITY PARTNERSHIPS (LLPS) SECTORS

Pakistan has recently taken a significant step in its fight against money laundering and terrorist financing (ML/TF) with the approval of the National Risk Assessment (NRA-2023). This comprehensive document identifies and analyses the vulnerabilities of both the public and private sectors to these illicit activities, paving the way for a more robust AML/CFT regime.

The aim of assessment was to identify the ML/TF risks in Pakistan's public and private sectors, documented into threats, vulnerabilities and consequences. The objective of the document is to develop a national level AML/CFT plan to mitigate inherent and emerging risks. Additionally, it also aims to support the internal AML/CFT risk assessments carried out by regulators/supervisors of financial institutions, Legal Persons, Legal Arrangements and Designated Non- Financial Businesses and Professions (DNFBPs), as well as private sector reporting entities such as banks, Non-Banking Financial Institutions (NBFIs) etc. This will serve as a major guidance document for sustaining and further strengthening Pakistan's AML/ CFT regime in coming years.

The Securities and Exchange Commission of Pakistan, the lead stakeholder in NRA-2023, views this task as a monumental stride in Pakistan's commitment to combat ML/TF effectively. It enables Pakistan to better identify, assess, and mitigate the risks posed by these crimes, while ensuring alignment with international AML/CFT standards. SECP actively contributed to assessing risks from SECP-regulated financial sector entities, including brokers, Non-Banking Finance Companies (NBFCs), Insurance, **Legal Persons/companies, Limited Liability Partnerships (LLPs)**, and Intermediaries (Lawyers).

To disseminate awareness and prompt appropriate action, summarized version of NRA-2023 is being shared with Companies and LLPs for effective compliance through SECP website for stakeholders.

Expectations: It is imperative that the corporate sector enhances its beneficial ownership transparency. This will not only help Pakistan in fulfilling its AML/CFT related international commitments but also in improving its business environment.

One of the foremost key areas that the Companies and LLPs need to address is to enhance the awareness on the importance and obligations of beneficial ownership disclosure. This needs to be followed by implementation of effective measures to prevent the misuse of Companies and LLP for illicit purposes and to ensure the availability of beneficial ownership information to the relevant authorities.

Therefore, the Companies and LLPs are required to collect, verify, and report the beneficial ownership information, without delay. In addition to the aforementioned, the Companies and LLPs are also required to maintain and update the beneficial ownership information on a regular basis and ensure its accuracy and completeness. Furthermore, it is utmost essential that all entities comply with the applicable laws and FATF Recommendations/standards on beneficial ownership transparency.