

**RED FLAG INDICATORS**  
**on**  
**Associates Acting on Behalf of Proscribed/Designated Individuals or Entities**

**A. Red Flags Applicable to all SECP Sectors:**

The following actions and factors will help you with identifying suspected persons:

- a) A customer is an office bearer (trustee/ member/ director/ authorized signatory etc.) of a designated/ proscribed entity.
- b) A customer is a business partner of an office bearer (trustee/ member/ director etc.) of a designated/ proscribed entity.
- c) A customer is a close family member of a designated/ proscribed individual who is also suspected to be associated with the business of the designated/ proscribed individual by way of financial or other assistance.
- d) An entity has a designated/ proscribed individual on its board or management.
- e) Unilateral sanctions listing (*i.e. NACTA Database for Proscribed individuals & entities*) identify linkage/ association of a customer with a designated/ proscribed individual or entity.
- f) Media (Broadcast/ Print/ Social) news highlights customer's involvement in providing financial or other assistance to designated/ proscribed individual or entity.
- g) Inquiry from law enforcement agency/ intelligence agency indicating linkage of a customer with designated/ proscribed individual or entity.
- h) A customer appears to have conducted transactions on behalf of or at the direction of a designated/ proscribed individual during the process of due diligence.

**B. Red Flags that specifically relate to Non-banking financial institutions (NBFIs)**

- a) The customer declares a proscribed person as a guarantor of loan or nominee of the customer.
- b) Customer has obtained a loan from an NBFC, but the loan shall be utilized by a proscribed person.
- c) Repayment of a loan to the customer is made by a proscribed person.
- d) In case of Mutual Funds account to account transfer involving transfer to a proscribed individual or entity.
- e) A customer who is refused financial services/ loan due to association with a proscribed person approaches another financial institution for securing a loan.



## Securities and Exchange Commission of Pakistan

### Anti-Money Laundering Department

#### **C. Red Flags based on behaviour of an Account Holder associated with proscribed individuals or entities:**

- a) A customer has provided the same residential/ office address that matches the known residential/ office address of a designated/ proscribed individual or entity.
- b) A customer has provided the same personal contact number that matches the contact number provided earlier by a proscribed/ designated customer.
- c) A customer depositing funds in the account of a person or entity listed in an international or foreign jurisdiction's sanctions lists maintained in accordance with UNSC resolution 1373.
- d) A customer listed in an international or foreign jurisdiction's sanctions list maintained in accordance with UNSC resolution 1373, is depositing funds in another customer's account.

