



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Press Release

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For immediate release

SECP holds awareness sessions in Lahore, Peshawar on AML/CFT obligations

Islamabad, September 19: In order to sensitize the not-for-profit organizations (NPOs) about the regulatory framework on anti-money laundering and countering financing of terrorism (AML/CFT), the SECP has expanded its outreach efforts to other cities after holding the first awareness session at Islamabad last week. Two more awareness sessions have been in Lahore and Peshawar during this week, which were attended by large number of NPOs. The Lahore session was held at the Institute of Cost and Management Accountants of Pakistan, followed by the Peshawar session at the Institute of Chartered Accountants of Pakistan.

The SECP issued the AML/CFT Guidelines for NPOs early this month to facilitate the NPOs in their efforts to mitigate the money laundering, terrorist financing (ML/TF) and other risks and abuses by adopting a risk-based approach.

These well-attended sessions were aimed at further developing government-NPO engagement through an inclusive approach. Recommendation number 8 of Financial Action Task Force (FATF) requires countries to work with NPOs to develop and refine best practices to address terrorist financing risk and vulnerabilities to protect them from TF abuse.

At each event, a detailed presentation was given by the SECP official who apprised the participants about the regulatory framework applicable on NPOs incorporated under the Companies Act, 2017. The official highlighted the regulatory measures to prevent the NPOs from ML/TF abuses as contained in the regulations for section 42 companies, and supplemented by the best practices and recommendations contained in the NPO Guidelines.

During these sessions, the salient features of the guidelines, including risk factors for NPOs, terrorist financing process, fundamental principles of good practice, red flags and high-risk indicators were explained. The official emphasized that through issuance of the guidelines, the SECP has adopted a soft law approach and encouraged self-regulation among the NPOs to ensure that the legitimate and essential work being carried on by them does not suffer. However, regulatory action against non-compliant NPOs is a regular feature of SECP enforcement strategy, which will be continued in the future. The lead role played by National Counter Terrorism Authority (NACTA) and the collaborative efforts being made to minimize the TF risks through coordination with all the relevant authorities, including SECP, was also highlighted during these sessions.

