

Pakistan's Compliance with FATF Recommendations

Technical compliance ratings (C – compliant, LC – largely compliant, PC – partially compliant, NC – non-compliant)

Recommendation	Rating	Factor underlying the rating
16. Wire transfers	LC	<ul style="list-style-type: none">· No requirements for batch files to contain information required.· For ECs and Pakistan Post, there are no requirements as beneficiary financial institutions to adopt risk-based policies, procedures and controls.
17. Reliance on third parties	PC	<ul style="list-style-type: none">· Pakistan has no regard to information available on the level of country risk.· SBP financial institutions are not covered by strict third party reliance rules.· CDNS and Pakistan Post are not covered by the requirements of this recommendation.
18. Internal controls and foreign branches and subsidiaries	PC	<ul style="list-style-type: none">· No enforceable AML/CFT requirements to give effect to this criterion for CDNS and Pakistan Post.· Except for regulated persons, no explicit requirement for all FIs to implement programmes against ML/TF, which have regard to the ML/TF risks and the size of the business.· The lack of requirements for all FIs except for regulated persons.
19. Higher-risk countries	PC	<ul style="list-style-type: none">· There is a lack of requirements for MFBs, CDNS, Pakistan Post and ECs to apply enhanced EDD proportionate to the risk.· There is a lack of requirements for Pakistan authorities except for SECP to apply countermeasures proportionate to the risk.
20. Reporting of suspicious transaction	PC	<ul style="list-style-type: none">· STRs are not required to be reported promptly.
21. Tipping-off and confidentiality	PC	<ul style="list-style-type: none">· AMLA provides protections for FIs and their officers, but it is unclear this protection extends to directors, the employees or agents of those reporting entities.
22. DNFBPs: Customer due diligence	NC	<ul style="list-style-type: none">· The AMLA does not contain a definition of CDD.· There are no other enforceable requirements to give effect to this recommendation.
23. DNFBPs: Other measures	PC	<ul style="list-style-type: none">· Deficiencies with promptly reporting STRs.· There are no other enforceable requirements to give effect to this recommendation.
24. Transparency and beneficial ownership of legal persons	PC	<ul style="list-style-type: none">· There is a lack of ML/TF risk mitigating measures for bearer share and bearer warrant instruments and for nominee shareholders and directors.· Absence of requirements for the Registrar and companies themselves to hold beneficial ownership information.· Limited provisions in place to provide international co-operation in relation to basic and beneficial ownership information.
25. Transparency and beneficial ownership of legal arrangements	NC	<ul style="list-style-type: none">· No measures in place to mitigate the ML/TF risk with trust structures and other legal arrangements.· Registration of immovable property trusts involves only the registration of the trust deed and not the collection of beneficial ownership information beyond what is in the deed of trust.· Trustees themselves are not required to collect beneficial ownership information.
26. Regulation and supervision of financial institutions	PC	<ul style="list-style-type: none">· Lack of manuals or framework to conduct risk-based supervision.· Lack of the requirements for banks, DFIs, MFBs, ECs and modarabas to include within its scope of its fit and proper tests relevant to beneficial owners.· CDNS and Pakistan Post are not supervised for AML/CFT requirements.
27. Powers of supervisors	PC	<ul style="list-style-type: none">· Limited sanctions imposed by the SBP and SECP.· CDNS and Pakistan Post are not subject to AML/CFT supervision.
28. Regulation and supervision of DNFBPs	NC	<ul style="list-style-type: none">· No AML/CFT supervisory authorities for DNFBPs.· No risk-based supervision of DNFBPs occurs.
29. Financial intelligence units	PC	<ul style="list-style-type: none">· The FMU cannot access detailed tax records.· The FMU cannot spontaneously or upon request disseminate information and the results of its analysis to provincial CTDs.
30. Responsibilities of law enforcement and investigative authorities	PC	<ul style="list-style-type: none">· AMLA does not provide for parallel ML/TF investigations when a predicate crime is investigated.· There are gaps in relation to powers to take expeditious actions subject to confiscation.