



**The Institute of  
Chartered Accountants  
of Pakistan**

**CA  
PAKISTAN**

**HEAD OFFICE**

Circular No. 01 / 2020

September 30, 2020

**All Members of the Institute**

Dear Member

**Anti – Money Laundering and Combating Financing of Terrorism Regulations for Chartered Accountants Reporting Firms**

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The Parliament has passed Anti – Money Laundering (Second Amendment) Act, 2020 on September 16, 2020 to further amend the Anti -Money Laundering Act, 2010 (AML Act 2010). According to the amendment, the Institute of Chartered Accountants of Pakistan (ICAP) has been designated as an AML / CFT Regulatory Authority of its members in the AML Act, 2010 earlier it was through a separate notification of the Federal Government.

The Institute, as an AML / CFT Regulatory Authority has the power to issue regulations under section 6A(2)(c) of the AML Act, 2010.

In accordance therewith, the Council in its 332<sup>nd</sup> meeting (September 26, 2020) has approved the issuance of “*Anti – Money Laundering and Combating Financing of Terrorism Regulations for Chartered Accountants Reporting Firms*” (The Regulations).

The Regulations outline:

- a) The Risk Assessment steps to be taken by the Reporting Firms under AML Act 2010.
- b) Principles for Conducting Customer Due Diligence along with determination of Beneficial Ownership
- c) Targeted Financial Sanctions Obligations
- d) Internal Controls
- e) Record Keeping Requirements
- f) Sanctions in cases of violations

The Regulations are applicable with immediate effect.

The Directive 4.24 (AML Framework) issued in March 2020 is withdrawn with immediate effect. As per the decision of the Council, the AML Supervisory Board would continue to carry out its responsibilities of monitoring the Reporting Firms with regards to compliance of the Regulations. Further, the Institute in consultation with the Financial Monitoring Unit will be finalizing the Risk Based Supervision Framework for the Reporting Firms.

Yours truly

**Raheel Rehman**  
Head of Anti-Money Laundering

**(Established under the Chartered Accountants Ordinance, 1961 - X of 1961)**