



Circular No. 02 / 2020

December 28, 2020

All Members of the Institute

Dear Member

Amendment in Anti – Money Laundering and Combating Financing of Terrorism Regulations for Chartered Accountants Reporting Firms (ICAP AML / CFT Regulations)

A. In exercise of the powers vested under section 6A(2)(c) of the Anti – Money Laundering Act, 2010; the Council of the Institute of Chartered Accountants of Pakistan (ICAP), in its 336th Meeting (December 19, 2020) has approved to amend the “*Anti – Money Laundering and Combating Financing of Terrorism Regulations for Chartered Accountants Reporting Firms*”, by adding sub-clause (d) in section 27 which inter-alia deals with the requirements of implementing Internal Controls by the Reporting Firms.

B. After the above amendment, section 27 shall be read as follows;

“In order to implement compliance programs as set out in 7G of the AML Act, the reporting firm shall implement the following internal policies, procedures and controls:

- (a) compliance management arrangements, including the appointment of a compliance officer at the management level, as the individual responsible for the reporting firm’s compliance with these Regulations;
- (b) screening procedures when hiring employees to ensure the integrity and conduct, skills, and expertise of such employees to carry out their functions effectively;
- (c) an ongoing employee training program.
- (d) **an independent audit function to test the system.**”

C. The above amendment is applicable with immediate effect.

D. All other requirements under the ICAP AML / CFT Regulations shall remain unchanged. Amended Regulations are also enclosed as Annexure ‘A’.

Yours truly

Raheel Rehman
Head of Anti–Money Laundering

Encl: Annexure ‘A’