



The Institute of
Chartered Accountants
of Pakistan

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Directive 4.26

LICENSING CONTROLS UNDER AML / CFT REGULATIONS

The Anti-Money Laundering Act, 2010 (the AML Act) places obligations on the accountancy profession, requiring AML/ CFT regulatory and supervisory measures. The Parliament has passed Anti – Money Laundering (Second Amendment) Act, 2020 on September 16, 2020 to further amend the AML Act. 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.

In accordance with the amendment in the AML Act, all AML / CFT Regulatory Authorities are required to exercise powers with regards to licensing or registration of their reporting firms / reporting entities. The relevant section of the AML Act [Section 6A (2)] is reproduced as under;

“6A. AML / CFT regulatory authority. — (1) AML / CFT regulatory authority means the Regulators and SRBs as specified in Schedule IV. They shall exercise the powers and perform the functions as set out in this Act and as prescribed thereunder.

(2) AML / CFT regulatory authority shall exercise the following powers and functions with respect to its reporting entities, namely: -

(a) licensing or registration of reporting entities;

(b) imposing any conditions to conduct any activities by reporting entities to prevent the offence of money laundering, predicate offence or financing of terrorism;

(c).....

Further as per Section 3 (2) b of the “Oversight Regulations for Self-Regulatory Bodies of Accountants, 2020” issued by the Securities and Exchange Commission of Pakistan, “Every SRB shall apply suitable market entry controls to ensure that it does not professionally accredit accountants that are criminals or acting as an associate of criminals, or whose beneficial owner is a criminal or criminal associate”;

The issuance of Certificate of Practice (COP) to the members of the Institute is governed under Bye-Law 8 of the Chartered Accountants Bye-Laws, 1983. The Bye-Law 8 is reproduced as under;

“8. Certificate of practice.- (1) A member may apply to the Council for a certificate to practice entitling him to practice as a chartered accountant or management consultant and the Council shall

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

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*grant to him such a certificate on his establishing to its satisfaction in such manner as it may require that he has complied with the requirements as stipulated in bye law 109 and **any other directive of the Council** and that he will be in practice as a chartered accountant or management consultant as his main occupation”*

[emphasis is ours]

Accordingly, in order to comply with the provisions of AML Act, the members would now be required to submit a Declaration at the time of issuance and renewal of Certificate of Practice (Annexure A)

Transitional Provisions:

All existing COP holders, who have obtained COP before the issuance of this directive shall be required to submit the signed declaration (Annexure A) within 2 months of the issuance of this Directive.

The effective date of the Directive is January 07, 2021.

The Directive can be accessed at: <https://www.icap.org.pk/aml-supervision/circulars/>

(336th meeting of the Council – December 18-19, 2020)

Syed Masood Akhtar
Secretary

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Annexure 'A'

DECLARATION FOR PRACTICING MEMBERS

[to be obtained at the time of issuance and renewal of Certificate of Practice to member]

Name of Member:	
ICAP Registration Number:	
CNIC No:	

DECLARATION AND SIGNATURE:

I, hereby confirm that, to the best of my knowledge and belief:

- a) I have not been convicted by a competent Court, whether within or outside Pakistan, of an offense involving moral turpitude, money laundering and terrorism financing, and any other criminal offense punishable with transportation or imprisonment; or of an offence, not of a technical nature, committed in professional capacity unless in respect of the offence committed, I have either been granted a pardon or, on an application made in this behalf, the Federal Government has, by an order in writing, removed the disability, for the purpose of obtaining membership.
- b) the information contained in this declaration is true and correct.

Date:	
Name of Member:	
Signature:	