PART II
Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN

MINISTRY OF COMMUNICATIONS
(PAKISTAN POST AML & CFT SUPERVISORY BOARD)

NOTIFICATION

Islamabad, the 16th June, 2020

S. R. O. 619 (I)/2020.—In pursuance of vetting / concurrence of Ministry of Law & Justice to the Standard Operating Procedures (SOPs) duly approved by the Pakistan Post AMI, & CFT Supervisory Board, the Secretary, Ministry of Communications is hereby pleased to notify the same in the Gazette of Pakistan:—

STANDARD OPERATING PROCEDURES (SOPs)
FOR PAKISTAN POST AML & CFT SUPERVISORY BOARD

A. Preamble
The Federal Government has notified the Pakistan Post (AML CFT) & Rules, 2019 (hereinafter called as “Rules”) with effect from 28th January, 2020 obligating Pakistan Post Office Department (PPOD)

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1439 (1—6)

Price : Rs. 10.00

[5726(2020)/Ex.Gaz.]
to comply with various provisions of these Rules in order to be able to implement the requirements of the AML Act, 2010, Pakistan’s National Risk Assessment (NRA) 2019, and Mutual Evaluation Report (MER) of Pakistan by the Asia Pacific Group (APG) as to Pakistan’s compliance with the FATF Recommendations. The Pakistan Post AML/CFT Supervisory Board (hereinafter called as “Board”) has been constituted under these Rules as per following composition to provide independent oversight of implementation of these Rules and take necessary enforcement actions against violations thereof in accordance with the law for the time being in force:

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<th>Additional Secretary, Ministry of Communications</th>
<th>Chairman</th>
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<tbody>
<tr>
<td>2</td>
<td>Representative of SBP</td>
<td>Member</td>
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<tr>
<td>3</td>
<td>Representative of SECP</td>
<td>Member</td>
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<tr>
<td>4</td>
<td>Representative of FMU</td>
<td>Member</td>
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<td>5</td>
<td>Deputy Secretary (Postal), Ministry of Communications</td>
<td>Member/Secretary</td>
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For the purpose of effectively performing the prescribed functions, the Rules require the Board to *inter-alia* devise Standard Operating Procedures (SOPs) for supervision of PPOD to ensure compliance with AML and CFT requirements.

**B. Oversight and Supervision of Pakistan Post**

1. Reviewing the AML/CFT Compliance Programme of PPOD and directing PPOD to appropriately amend, revise or re-issue such programme, wherever required in accordance with the instructions issued by the Board in this respect.

2. Reviewing internal AML/CFT policies, procedures and controls devised and implemented by PPOD especially pertaining to KYC, CDD, EDD, TFS, Ongoing Monitoring & Screening, Wire Transfers, Higher Risk Countries, Transaction Monitoring and Reporting, Record Keeping, New or Developing Technologies, Employee Screening, Independent Audit Function in line with the Code of Corporate Governance, and Capacity Building of PPOD officials and allied matters as to compliance to the Rules and directing PPOD to appropriately amend, revise or re-issue such policies, procedures and controls, wherever required in accordance with the instructions issued by the Board in this respect.

3. Reviewing PPOD’s internal ML/TF risk assessment especially
considering risks identified/associated with PPOD in the National Risk Assessment (NRA) of Pakistan and directing PPOD to appropriately amend, revise or re-assess the risk, wherever required in accordance with the instructions issued by the Board in this respect.

4. Review the assessment of the ML/TF risk profile of PPOD (including the risks of non-compliance) periodically, or when there are major events or developments in the management and operations of PPOD and direct PPOD to take appropriate measures, wherever required in accordance with the instructions issued by the Board in this respect.

5. Independently reviewing and assessing PPOD’s IT related systems and capabilities through a third party assessment as to AML/CFT requirements including but not limited to Transaction Monitoring System (TMS), Identification and Verification Systems and STRs/CTRs reporting systems and directing PPOD to acquire or develop such IT infrastructure considering the recommendations of such assessment.

6. Conducting Offsite Supervision of PPOD, by seeking periodic reporting from PPOD to assess the compliance level with the AML/CFT requirements. Based on the evaluation of these reports, follow-up shall be made for taking remedial measures to address the gaps/deficiencies.

7. The Board may engage a firm of Chartered Accountants from SBP’s approved panel of Auditors to conduct onsite examination, assess ML/TF risks posed, assess corresponding controls to mitigate these risks and determine compliance with the AML/CFT requirements.

8. Based upon Offsite assessments/evaluations and Onsite examination reports, the Board will direct to take enforcement actions in accordance with the applicable law, rules, and regulations to impose penalties on the delinquent officials of PPOD.
C. Powers of the Board

9. The Supervisory Board shall have powers to issue appropriate directions, demand receipt of appropriate reports on periodical basis, direct PPOD to take such actions as may be required to address deficiencies pointed out during assessments and advise such enforcement actions as it may deem necessary.

10. The Board has the power and authority to appoint third parties for implementation of the AML/CFT rules and to review the arrangements with the third party, redefine the scope of their work and renew / revoke the agreement.

11. The Board has powers to supervise or monitor and ensure compliance by PPOD with AML/CFT requirements independently or by engaging a firm of Chartered Accountants from SBP’s approved panel of auditors. The Terms of Reference (TORs) for hiring a firm shall be reviewed and finalized by the Board in view of AML/CFT obligations of PPOD as per the Rules.

12. The Board on periodic basis will assess performance of the hired firm on the basis of ToRs, generated reports on sample basis, hiring criteria, qualifications of hired staff, etc.

13. The Board will establish an Internal Audit Unit under its direct supervision, which will be mainly responsible for regular and timely updating the Board on ML/TF issues and compliance of PPOD on the basis of Offsite and Onsite supervision of PPOD. The Board shall approve the human as well as technical resources, functions and powers of this Unit.

14. The Board may review the agreement/arrangements by PPOD with third party on periodical basis for compliance with AML/CFT requirements.

15. The Board may investigate any activity falling within its scope of responsibilities and has the authority to compel production of any information by PPOD relevant to monitoring compliance with the AML/CFT requirements.
16. The Board has the authority to obtain outside legal or independent professional advice. The advisers may attend the board meetings as necessary and the cost of the advisers shall be borne by the PPOD.

17. The Board if deems necessary can directly seek presentation and representation from the external firm engaged for the purpose of carrying out CDD, record keeping and other relevant functions on ML/TF issues of PPOD.

18. The Board has the authority to impose range of effective, proportionate and dissuasive sanctions, whether civil or administrative, available to deal with PPOD and/or its senior management that fail to comply with the AML/CFT requirements. For this purpose, the Board will decide mechanism and spectrum of enforcement actions allowed as per laws, rules and regulations of PPOD. Where the board determines that the applicable laws, rules and regulations do not allow application of effective, proportionate and dissuasive sanctions, board shall proceed to propose changes to the laws, rules and regulations.

D. Administrative and Budgetary Measures

19. Due to exigency and limited time to ensure compliance of Pakistan’s Mutual Evaluation Report, frequency of the Board’s meetings will be initially on need basis. Subsequently, the Chairman of the Supervisory Board shall determine a rolling programme of ordinary meetings which must provide for at least four such meetings in each calendar year (preferably quarterly). Additional / Special meetings can be called at the request of the Chairman of the Board or on request of at least three members of the Board.

20. The quorum of the Board shall be minimum of four members including the chairman. The matters shall be decided with the majority of votes; however, the chairman shall have a casting vote.

21. The Board may form various sub-committees to assist and recommend to the Board in the matters pertaining to the functions and responsibilities of the Board.

22. There are no standing attendees for the Board. Where appropriate, the board by invitation, call representatives of PPOD, 3rd Party responsible for implementation of AML/CFT rules or Internal
Audit to attend, subject to agreement in advance of the meeting with the Chair of the Board.

23. The Board shall have a Secretariat to be formed with the approval of competent authority within the Communications Division (Postal Wing) with following minimum support staff:

i. Section Officer (PO-I) 01
ii. Assistant 01
iii. UDC 01
iv. Naib Qasid 01

24. The Secretariat shall be allocated with sufficient Budget with the approval of competent authority for the following major purposes:

i. Internal Audit Unit.
ii. Engaging a firm of Chartered Accountants.
iii. Arranging of meetings & conferences.
iv. Printing & Stationery.
v. Training of Secretariat support staff and Board members.
vi. Boarding and Lodging of Board Members as per entitlement of equivalent BPS.
vii. Honoraria for Board Members for attending the Board meetings.
viii. IT and Office Equipment for the Secretariat.
ix. Any other requirements when arise.

[F.No.9-2/2018-P.O.I.]

WAQAR MAQSOOD,
Section Officer (PO-I).