

[AS PASSED BY THE NATIONAL ASSEMBLY]

A
BILL

*to establish National Anti-Money Laundering and Counter Financing of
Terrorism Authority in Pakistan*

WHEREAS, the menace of money laundering and terrorism is becoming an existential threat to the state and needs to be responded to and addressed comprehensively;

AND WHEREAS, Pakistan being responsible and active member of the international community is continuously cooperating with and adopting internationally recognized measures, particularly proposed by the concerned international organizations whom Pakistan is in cooperation with, for anti-money laundering, countering financing of terrorism and targeted financial sanctions by way of promulgating requisite legal and regulatory framework in the country;

AND WHEREAS while various federal and provincial agencies, departments, ministries and institutions of Pakistan are functioning in connection with anti-money laundering, countering of financing of terrorism and targeted financial sanctions under various laws in force, there is need of a focal institution to unify state response by planning, combining, coordinating and implementing Government's policy through an exhaustive strategic planning and necessary ancillary mechanism and to coordinate and collaborate at international level;

It is hereby enacted as follows:-

1. Short title, extent and commencement.— (1) This Act shall be called the National Anti-Money Laundering and Counter Financing of Terrorism Authority Act, 2023.

(2) It shall extend to the whole of Pakistan.

(3) It shall come into force at once.

2. Definitions. — In this Act, unless there is anything repugnant in the subject or context, --

(a) "Authority" means the National Anti-Money Laundering and Counter Financing of Terrorism Authority of Pakistan established under Section 3;

(b) "Competent authorities" means the term as defined in the Anti-Money Laundering Act, 2010; the National Counter Terrorism Authority, Provincial Home Departments, Federal Board of Revenue, Ministry of Interior, Ministry of Foreign Affairs and such other authorities, departments, organizations or agencies as may be notified by the Federal Government from time to time;.

(c) "Director General" means the Director General of the Authority appointed pursuant to Section 9;

(d) "Division concerned" means the Cabinet Division;

(e) "Rules" means rules made under the Act;

(f) "Regulations" means regulations made under this Act; and

(g) "Prescribed" means prescribed by rules or regulations.

3. Establishment of the Authority.—(1) The National Anti-Money Laundering and Counter Financing of Terrorism Authority Pakistan is hereby established for carrying out the purposes of this Act.

(2) The Authority shall be a body corporate having perpetual succession and a common seal with powers, subject to the provision of this Act, to acquire and hold property, movable and immovable, and to sue and be sued by its name. The Authority shall have administrative and financial powers to carry out its functions.

(3) The headquarters of the Authority shall be at Islamabad and it may set up offices at such other places in Pakistan as may be deemed appropriate.

4. Composition of the Authority. (1) The Authority shall be comprised of the following:

- (a) Chairman – To appointed by the Prime Minister
- (b) Secretary, Finance Division of the Ministry of Finance – Member
- (c) Secretary, Foreign Affairs Division of the Ministry of Foreign Affairs – Member
- (d) Secretary, Interior Division of the Ministry of Interior – Member
- (e) Governor, State Bank of Pakistan – Member
- (f) Chairman, Securities and Exchange Commission of Pakistan – Member
- (g) Chairman, National Accountability Bureau – Member
- (h) Director General, Federal Investigation Agency – Member
- (i) Director General, Anti Narcotics Force – Member
- (j) Chairman, Federal Board of Revenue – Member
- (k) Director General, Financial Monitoring Unit – Member
- (l) National Coordinator, National Counter Terrorism Authority – Member
- (m) The Director General of the Authority – Member/Secretary

- (n) Chief Secretary or his nominee not below BPS 21 of each province including Azad Jammu and Kashmir and Gilgit Baltistan- Member
- (o) Any other member as recommended by the Prime Minister

(2) The Authority may, from time to time, invite such persons, as it may deem appropriate, for the purposes of this Act.

5. Procedures of Authority.- (1) The Authority may meet any time on requisition of the Chairman or at requisition of at least fifty percent of the members. Provided however, the Authority shall meet at least twice a year.

(2) The quorum of the Authority's meeting shall be fifty percent of the total membership.

(3) A meeting of the Authority shall be presided over by the Chairman. In the absence of the Chairman, a member nominated by the Chairman shall preside over the meeting. A meeting of the Authority may also be convened virtually.

(4) The Director General shall, at least five days prior to the meeting, circulate to all the members working papers of each agenda item to be discussed in the meeting alongwith proposed actions on which decisions of the Authority is required. All decisions in the meeting shall be made with majority of the present members. The Chairman or the member presiding the meeting, as the case may be, shall not have second vote.

(5) The Director General shall have the minutes of each meeting prepared and seek endorsement of all members of the Authority through circulation.

(6) The Director General shall maintain record of each meeting of the Authority, which shall be available to any member of the Authority as and when so requested.

6. Powers and Functions of the Authority. -(1) The Authority shall act as overarching body for implementation by the relevant competent authorities under the relevant laws with respect to anti-money laundering, countering of financing of terrorism and targeted financial sanctions;

(2) Without prejudice and generality of the foregoing, the Authority shall have following powers and functions: -

- (a) to act as focal point for the Financial Action Task Force and related international organizations, bodies and to carry out liaison with the competent authorities and other national, international organizations, bodies and or entities for facilitating cooperation in areas relating to anti-money laundering, countering of financing of terrorism and targeted financial sanctions;
- (b) to coordinate and oversee the implementation of a national strategy to fight money laundering, countering financing of terrorism and targeted financial sanctions and approve national action plan(s) for implementation of such national strategy(s);
- (c) to review, from time to time, national policies, laws and regulations relating to anti-money laundering, countering financing of terrorism and targeted financial sanctions and propose amendments to the Federal Government;

- (d) to coordinate at policy level and provide policy advice to the federal/ provincial/ local competent authorities and the Provincial Governments on implementation of anti-money laundering, countering financing of terrorism and targeted financial sanctions regime to maintain uniformity at national level;
- (e) to formulate rules and regulations, and conditions of the employees of the Authority and grant additional allowances, rewards or any other incentives in consultation with the Finance Division after the approval of the Federal Government;
- (f) to enter into any agreement, memorandum of understanding or protocols with counterpart national or international organizations in relation to cooperation in anti-money laundering and countering financing of terrorism and targeted financial sanctions; provided however, that this function shall not be construed to override powers of any competent authority to enter into such arrangements under their respective laws; and
- (g) to discuss and deliberate on any other issue of national importance relating to money laundering, financing of terrorism and targeted financial sanctions.

(3) Except stipulated in paragraph (g) of sub-Section (2) of this Section, the Authority may delegate any of its powers and functions to the Chairman of the Authority with such terms and conditions as it may deem appropriate.

7. Chairman of the Authority.- (1) There shall be a Chairman of the Authority to be appointed by the Prime Minister for term of three years on such

terms and conditions as may be prescribed. The Chairman shall be eligible for reappointment for another term.

(2) The Chairman shall not be removed from the office prior to the expiry of the term unless he is guilty of gross misconduct; or is incapable of properly performing the duties of his office by reason of physical or mental incapacity:

Provided that no proceedings under this sub-section shall be initiated unless a show cause notice, including an opportunity of being heard, is given to such person.

(3) The Chairman may tender his resignation under his own hand to the Prime Minister.

(4) In the absence of the Chairman, the Director General shall act as acting Chairman and perform all functions and powers of the Chairman under this Act.

8. Functions and Powers of the Chairman.- (1) The Chairman shall exercise general control and supervision over the affairs of the Authority; shall be the Principal Accounting Officer of the Authority and; shall ensure that the provisions of the Act, the rules, regulations, policies and directions of the Authority are properly executed.

(2) Without prejudice to the generality of the foregoing, the Chairman shall have the following powers, namely:

- (a) to ensure implementation by the relevant competent authorities of the laws with respect to anti-money laundering, countering financing of terrorism and targeted financial sanctions;
- (b) to develop national action plans with respect to anti-money laundering, countering financing of terrorism and targeted financial sanctions in coordination and consultation with the relevant authorities; analyse the data received from the competent authorities and report to the Authority about implementation of these plans, on periodical basis;
- (c) to propose guidelines with the approval of the authority to the competent authorities in line with the international best practices and requirements of Financial Action Task Force for developing and implementing the risk based supervisory plans or framework whatsoever called; annual training and outreach plans and monitoring of implementation of the aforesaid guidelines or directions by the competent authorities; and make recommendations to the Federal Government for effective implementation of anti-money laundering, countering of financing of terrorism and targeted financial sanctions action plans;
- (d) to authorize expenditure provided for in the budget in accordance with the rules and regulations;
- (e) to re-appropriate funds within the approved budget;
- (f) to execute deeds and documents on behalf of the Authority;
- (g) to appoint experts from public or private sector for deliberations in areas related to the mandate and functions of the Authority;
- (h) to issue guidelines and resolve issues of overlapping of functions inter se competent authorities; and
- (i) to execute the policies and plans approved by the Authority and instructions issued by the Federal Government.

(3) The Chairman may delegate any of its functions and powers to the Director General with such terms and conditions as it may deem appropriate.

9. Director General of the Authority.- (1) There shall be a Director General of the Authority appointed by the Prime Minister upon recommendation of the Authority. The Director General shall be appointed for a term of three years. A Director General shall be eligible for reappointment provided that his age shall not exceed sixty-five years at the time of appointment or re-appointment, as the case may be and, in case he achieves the age of sixty-five during the term, he shall be deemed retired.

(2) A Director General shall have following qualifications to become eligible for appointment of Director General:

- (a) he shall be a professional of known integrity, competence and shall be a retired civil servant (BS-21 or above) or serving civil servant (BS-21 or equivalent) or an officer of the Authority having the at least five (5) years' experience;
- (b) he shall have minimum twenty-five (25) years post qualification experience in the administration, law enforcement, finance, taxation and legal matters including a minimum ten (10) years experience in senior management position in the relevant field; and
- (c) he should have understanding in anti-money laundering, countering financing of terrorism and targeted financial sanctions laws, rules, regulations and procedures.

(3) The Director General shall assist the Chairman of the Authority in the performance of his duties and shall have the following powers and functions, namely: -

- (a) to coordinate and propose necessary instructions, guidelines to the competent authorities, the Federal and Provincial ministries and departments and local government authorities on implementation of anti-money laundering, countering financing of terrorism and targeted financial sanctions regime; national action plans; analyse the data received, identify gaps and report to the Authority about implementation of these plans, on periodical basis;
- (b) to set up committees, sub-committees, working groups for the purposes of this Act and compliance with Pakistan's commitments and or obligations with respect to the requirements of concerned international organizations whom Pakistan is in cooperation with;
- (c) issue necessary directions to the competent authorities for the purposes of this Act;
- (d) seek reports from the competent authorities responsible for compliance of anti-Money laundering, countering of financing of terrorism and targeted financial sanctions regimes as it may require;
- (e) to seek input and coordinate formulation of risk assessments with periodical reviews for making adequate and timely efforts to counter money laundering, terrorism and targeted financial sanctions;
- (f) to establish central data base of all relevant data fields related to compliance of anti-money laundering, countering financing of terrorism and targeted financial sanctions through development of online data management system;

- (g) to carry out research on topics relevant to money laundering, financing of terrorism and targeted financial sanctions and to prepare and circulate documents, if deemed required;
- (h) to have financial and administrative powers for effective administration of the Authority, as approved by the Chairman;
- (i) issue notices of meetings of the Authority and to maintain proper record of the minutes and proceedings thereof; and
- (j) to perform such other functions as may be delegated by the Chairman; provided that in the absence of the Director General, the senior most officer present in the Authority shall act as the Director General.

(4) The Director General may by special order delegate his powers and functions to any other senior officer of the Authority:

Provided that the Director General may delegate his powers and functions under this provision sparingly and not as a rule.

10. Assistance and call for information.- (1) The Federal Government's agencies, Provincial Governments' departments shall assist the Authority in providing information and data as may be required for the purposes of this Act.

(2) For the purposes of Sub section (1), the Director General or any officer authorized by him may call for information and data from all Federal Ministries, Provincial Departments and any competent authority at such intervals and time, as and when required.

(3) All information and data provided to the Authority under this Act shall be kept confidential and shall not be disclosed to any national or international organization other than for the purposes of this Act.

(4) Upon contravention of any of the provisions of this Act or violation or non-implementation of any law pertaining to anti-money laundering, countering financing of terrorism and targeted financial sanctions by any official of any competent authority, the Authority shall recommend appropriate disciplinary action under relevant law against such official.

11. Appointment of officers, staff etc., by the Authority.- (1) The Authority with the approval of the Federal Government may from time to time appoint, either through direct recruitment or through deputation such cadre or ex-cadre officials, experts or consultants as it may consider necessary for the performance of functions under this Act.

(2) The Authority with the approval of the Federal Government shall prescribe service regulations for the appointment, promotion and transfer of officers, staff, experts and consultants, their terms and conditions of service including additional financial incentives such as special salaries, allowances, pension or gratuity, constitution and management of pension and gratuity and shall be competent to take disciplinary action against them.

(3) The Authority may delegate powers contained in this section to the Chairman and may specify terms and conditions for exercising such powers.

12. Fund. — (1) There shall be established a fund to be known as National Anti-Money Laundering and Countering Terrorism Authority Research and Development Fund.

(2) The Fund shall consist of, ____

- (a) funds or budget amount received from the Federal Government;
- (b) grants made by the international bodies, organizations and entities, in accordance with procedures laid down by the Federal Government; and
- (c) such other sums as may be received by the Authority.

(3) The Fund shall be administered by the Director General in such manner as may be prescribed.

(4) The Authority may receive international assistance in the field of anti money laundering and countering terrorism in the manner as may be prescribed.

13. Budget for the Authority.- The Director General shall, in respect of each financial year in accordance with the financial procedures approved by the Authority, prepare the annual budget estimates of the Authority and submit the same to the Federal Government after the approval of the Authority.

14. Maintenance of accounts and internal control.- The Authority shall maintain complete and accurate books of accounts in connection with the discharge of its responsibilities as may be prescribed by the Auditor-General of Pakistan.

15. Audit.- (1) The accounts of the Authority shall be audited every year by the Auditor-General of Pakistan in such manner as may be prescribed.

(2) The Authority shall appoint its own financial advisor to regulate the financial matters and for internal audit.

16. Annual Report.-The Authority shall compile and submit an annual-report on its activities and accounts to the Federal Government.

17. Indemnity.- No prosecution, suit or other legal proceedings shall lie against the Authority or its officers and consultants for anything done in good faith for carrying out the purposes of this Act or rules and regulations made thereunder.

18. Power of the Federal Government to issue directives.- The Federal Government may, as and when it considers necessary, issue directives to the Authority on matters of policy and such directives shall be binding on the Authority and if a question arises whether any matter is a matter of policy or not, the decision of the Federal Government thereon shall be final.

19. Power to make rules and regulations.-(1) The Federal Government may, on the recommendation of the Authority, make rules for carrying out the purposes of this Act.

(2) The Authority may make regulations for the following purposes, namely:-

(a) effective and smooth functioning of the Authority;

(b) internal working of the Authority;

- (c) terms and conditions of the employees and grant of additional allowances, rewards or any other incentives.

20. Relationship with other laws.-(1) Save as provided in the proviso to sub-Section (2) of this section and section 24, the provisions of this Act shall be in addition to and not in derogation with any other law for the time being enforce.

(2) Nothing contained in this Act shall override, limit or extinguish any functions and or powers of any authority, agency, department or competent authority in connection with anti-money laundering, countering of financing of terrorism and targeted financial sanctions, whether such functions and or powers have been conferred upon any authority, agency, department or competent authority under any law or through executive or administrative order of the Federal or Provincial Government, as the case may be:

Provided that section 5 of the Anti-Money Laundering Act, 2010 shall continue to be implemented to the extent the same is not inconsistent or overlapping with the provisions of this Act.

21. Employees deemed to be Public Servants.- The employees of the Authority shall be deemed to be Public Servants within the meaning of Section 21 of the Pakistan Penal Code (Act XLV 1860).

22. Repeals, Savings and Validity of Actions, etc.- (1) On the commencement of this Act-

(a) the Prime Minister's Office Order No. 3021/M/SPM/2019 dated 2nd August, 2019 constituting the National Financial Action Task Force Coordination Committee shall stand rescinded; and

(b) Notification No. 4-1/2019-Min-I dated 30-12-2019 of the Federal Government setting up the National Financial Action Task Force Cell shall stand rescinded.

(2) All rights, powers, authorities and privileges, of whatever kind of the National Financial Action Task Force Coordination Committee and the National Financial Action Task Force Cell subsisting immediately before their dissolution shall stand transferred to and vest in the Authority established under this Act.

(3) Anything done, actions taken, orders passed, instruments made, notifications issued, agreements made, proceedings initiated, processes or communication issued, powers conferred, assumed or exercised, by the National Financial Action Task Force Coordination Committee and or the National Financial Action Task Force Cell, as the case may be, or their officers on or after the dates of the respective notifications referred to in paragraph (a) and (b) of sub-Section (1) of this Section and before commencement of this Act, shall be deemed to have been validly done, made, issued, taken, initiated, conferred, assumed, and exercised and provisions of the Act shall have, and shall be deemed always to have had, effect accordingly.

(4) At the time of commencement of this Act, all officers and staff deputed to the National Financial Action Task Force Cell shall continue working under the Authority until the Federal Government shall make

appropriate order with respect to retention, posting or repatriation of such officers and staff.

(5) Notwithstanding anything contrary contained in any other law for the time being in force, upon commencement of this Act, reference to the Director General FATF Cell appearing in any existing law shall be deemed to be the Director General of the Authority under this Act.

23. Power to interpret.-(1) The Federal Government may issue clarification with regards to any ambiguity arising out of interpretation of this Act in relation to other relevant laws for the time being in force.

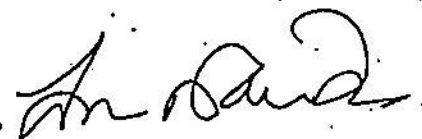
STATEMENT OF OBJECTS AND REASONS

To have an overarching body to supervise and coordinate matters pertaining to Anti Money Laundering (AML), Countering Financing of Terrorism (CFT) and Targeted Financial Sanctions (TFS).

Currently, money laundering (ML), financing of terrorism (TF) and targeted financial sanctions are being enforced under different laws mainly via Anti-Money Laundering Act 2010, Anti-Terrorism Act 1997 and United Nation Security Council Act 1948. In order to unify state response by planning, combining, coordinating and implementing Government's policy through an exhaustive strategic planning and necessary ancillary mechanism and to coordinate and collaborate at international level there is need of a focal institution.

In order to address the above challenges, a need was felt to have sustainable and permanent authority, an AML/CFT Regulatory Authority with required mandate under direct reporting to the Prime Minister.

The ultimate objective and aim of this authority would be to coordinate matters at the national level pertaining to AML, CFT and TFS. Including proposing changes to the policy, laws, rules and regulations to bring it in compliance with the international requirements and best practices and to mitigate the risk of ML/TF in the most effective and efficient way.


Minister-in-Charge