

MOST IMMEDIATE

**GOVERNMENT OF PAKISTAN
MINISTRY OF INTERIOR**

No. 8/3/2020-MLA

Islamabad, the 29th April, 2020

- Chairman, State Bank of Pakistan, Islamabad
- Chairman, Security and Exchange commission, Islamabad
- Chairman, National Accountability Bureau, Islamabad
- Chairman, Federal Board of Revenue, Islamabad
- Director General, Financial Monitoring Unit, Karachi
- Director General, Federal Investigation Agency, Islamabad
- Director General, Anti-Narcotics Force, Rawalpindi

Subject: DIRECTIVE ON INTERNATIONAL COOPERATION IN MONEY LAUNDERING OFFENCES

Kindly refer to the subject cited above.

2. Pakistan's National Risk Assessment (NRA) 2019 provides comprehensive information on inherent Money Laundering threats and vulnerabilities. These assessments guide authorities that the ML threat in Pakistan is both domestic and external, as funds are generated both at home and in foreign countries for Money Laundering. The challenges to trace links for moving funds in or out of the country include large undocumented/informal economy, extensive use of cash, significant illegal Hawala activity, use of cash couriers, Pakistan's geographical landscape with porous borders and existence of Afghan refugees in the country. While such ML risks continue to evolve over time, authorities at national level will continue engagement with all relevant authorities including law enforcement agencies to update the information wherever required and disseminate the understanding for targeting, investigating and prosecuting ML activities in line with the risks.

3. This backdrop and the risks posed by terrorist organizations warrants law enforcement agencies and other authorities to pursue international linkages of any ML risks by seeking international cooperation and providing in-time quality response on incoming requests from other countries. This is particularly important to target activity by knowing particular characteristics and financing activities of money launderers, including sources of funding, channels used for, magnitude of funds raised or stored.

4. The international standards also require States to seek and provide international cooperation by adopting a flexible and cooperative approach. For instance, The United Nations

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Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, adopted in December 1988 in Vienna, was the international instrument to address the issue of proceeds of crime, and to require States to establish money laundering as a criminal offence and requires that the States Parties:

- (a) Shall institute a comprehensive domestic regulatory and supervisory regime for banks and non-bank financial institutions and, where appropriate, other bodies particularly susceptible to money-laundering, within its competence, in order to deter and detect all forms of Money Laundering.
- (b) shall emphasize requirements for customer identification, record-keeping and the reporting of suspicious transactions;
- (c) ensure that administrative, regulatory, law enforcement and other authorities dedicated to combating money laundering (including, where appropriate under domestic law, judicial authorities) have the ability to cooperate and exchange information at the national and international levels within the conditions prescribed by its domestic law and, to that end,
- (d) shall consider the establishment of a financial intelligence unit to serve as a national center for the collection, analysis and dissemination of information regarding potential money-laundering.
- (e) shall consider implementing feasible measures to detect and monitor the movement of cash and appropriate negotiable instruments across their borders, subject to safeguards to ensure proper use of information and without impeding in any way the movement of legitimate capital. Such measures may include a requirement that individuals and businesses report the cross-border transfer of substantial quantities of cash and appropriate negotiable instruments.
- (f) In establishing a domestic regulatory and supervisory regime under the terms of this article, and without prejudice to any other article of this Convention, States Parties are called upon to use as a guideline the relevant initiatives of regional, interregional and multilateral organizations against money-laundering.

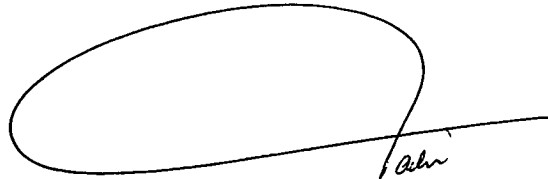
5. Keeping in view of above, the subject directive is being disseminated to relevant authorities, to continue and to support them in pursuing MLA and informal international cooperation in line with the risk profile for targeting, investigating and prosecuting Money Laundering activities. The authorities should adopt due procedures in accordance with law and international standards including but not limited to the following:

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- a) The LEAs should examine the linkages of offences committed with a foreign country, entity or individual and initiate the case for seeking international cooperation as investigation or prosecution of ML cannot be done without the missing piece located abroad. The LEAs should prioritize the investigation of cross-border ML and associated predicate offences.
 - b) The potential international aspects of ML should be considered in all domestic proceedings; and international cooperation, whether formal or informal, should be resorted to by responsible agencies in line with Pakistan's ML risk profile.
 - c) The primary focus of tracing cross border ML links should remain on key risks areas including, proceeds from businesses, use of illegal MVTS and cash couriers including person to person (P2P) and Hawala.
 - d) The LEAs shall provide all identifying information and other specific information supporting the request made to the foreign country including legal basis for the request, relevant facts & circumstances of the case warranting cooperation from other country, description of the offence and applicable penalty, description of the evidence/assistance requested, linkage between the investigation, prosecution or proceedings and the assistance sought, description of the procedure to be followed by the authorities of the requested State in executing the request to ensure that the request achieves its purposes, including any special procedures to enable any evidence obtained to be admissible in the requesting State and reasons and safeguards to be applied for protection of confidentiality of information received from requested country.
 - e) Upon request, requesting competent authorities should provide feedback to the requested competent authority on the use and usefulness of the information obtained.
 - f) With regards to incoming international requests in relation to ML, the authorities should ensure to provide information demonstrating quality, timeliness and prioritization of response. A feedback from the requesting country should also be sought on the use and usefulness of the information provided.
 - g) The channel of forwarding formal international cooperation (MLA) is through Ministry of Interior (being the Central Authority) upon request from relevant LEAs which would forward the request to Ministry of Foreign Affairs for onward submission to the concerned foreign government through proper diplomatic channels.

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- h) In case of informal cooperation, the concerned authority may directly approach its counterpart in the foreign country for seeking international cooperation as per standard norms and practices.
 - i) The LEAs should also routinely use FMU to exchange financial intelligence from foreign FIUs in their ML investigations.
 - j) The information should be used only for the purpose for which it was sought or provided. Any dissemination of the information to other authorities or third parties, or any use of this information for administrative, investigative, prosecutorial or judicial purposes, beyond those originally approved, should be subject to prior authorization by the requested competent authority.

6. The authorities should note that international cooperation in ML matters can be helpful to effectively target criminal activities and ensure successful investigations and prosecutions.

7. Forwarded for information and necessary action, please.



(Muhammad Tahir Akbar Awan)

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Copy to:-

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- ii. Secretary, M/o Foreign Affairs Islamabad.
- iii. National Coordinator, NACTA.
- iv. The DG, FATF Secretariat, Islamabad.