

MOST IMPORTANT
THROUGH SPECIAL MESSENGER


Government of Pakistan
NS AML-CFT Supervisory Board Secretariat
Finance Division
Islamabad

**Subject: TEMPLATE FOR OFFSITE RISK MONITORING BY NATIONAL SAVINGS
AML-CFT SUPERVISORY BOARD FOR CDNS ON:
I) YEARLY RISK MONITORING QUESTIONNAIRE.
II) HALF YEARLY AML CFT COMPLIANCE REPORTING**

Reference to the subject noted above. The Chairman, NS AML and CFT Supervisory Board has been pleased to approve following Templates for CDNS Offsite Risk Monitoring after due deliberations among the Members of the Supervisory Board. The same are hereby issued to CDNS under National Savings AML-CFT Risk Based Supervisory Framework. The subject Templates are listed below, namely:

Template by National Savings AML-CFT Supervisory Board for CDNS on:
Yearly Risk Monitoring Questionnaire (From 12 Regions to be consolidated at CDNS HO for submission to Supervisory Board Secretariat)
Half Yearly AML CFT Compliance reporting (From CDNS HO for submission to Supervisory Board Secretariat)

2. CDNS is directed to take all necessary steps to implement the same.


Fahad Ahmed
Section Officer (CDNS)
Ph. No. 051-9204799

The Director General, CDNS, Islamabad
F.No.16(1)GS-I/2020-

Dated: 01/10/2020

Copy to:

- 1) AFS (Budget), Finance Division Islamabad.
- 2) Mr. Khawaja Adnan Zahir, DG-FATF, National FATF Secretariat, C-Block Pak Secretariat Islamabad.
- 3) Mr. Javed Iqbal Khan, JS (B-II), Finance Division Islamabad.
- 4) Mr. Syed Jahangir Shah, Director SBP, Karachi.
- 5) Ms. Tanzila Mirza, Additional Director SECP, SECP Islamabad.
- 6) Mr. Adnan Imran, Director FMU, SBP Building, G-5 Islamabad.
- 7) Office copy.

Annex 2 | Yearly Offsite Risk Monitoring Questionnaire

Products and Services

1. Does the CDNS offer any of the following products or services? <i>Check all that apply</i> HIGH Risk Products and Services ie High Return Offered, Simple terms of entry,	Yes <input type="checkbox"/> No <input type="checkbox"/>
2. What percentage of the CDNS's business do the products and services listed above represent?	0% (None) <input type="checkbox"/> 1%-5% <input type="checkbox"/> 5%-10% <input type="checkbox"/> 10%-25% <input type="checkbox"/> 25%-50% <input type="checkbox"/>
3. How many transactions are processed each year on average?	

Nature of Client Relationships

4. Does the CDNS maintain ongoing client relationships?	Yes <input type="checkbox"/> No <input type="checkbox"/>
5. What percentage of the CDNS's business are high-risk clients?	0% (None) <input type="checkbox"/> 1%-5% <input type="checkbox"/> 5%-10% <input type="checkbox"/> 10%-25% <input type="checkbox"/> 25%-50% <input type="checkbox"/>
Which sorts of high-risk clients are served? (Check all that apply) Domestic Politically Exposed Persons <input type="checkbox"/> Foreign Politically Exposed Persons <input type="checkbox"/> High Net Worth Individuals <input type="checkbox"/> Corporations or trusts with opaque or complex ownership <input type="checkbox"/> Clients with negative media articles <input type="checkbox"/>	
6. What percentage of the CDNS's business is non-resident clients?	0% (None) <input type="checkbox"/> 1%-5% <input type="checkbox"/> 5%-10% <input type="checkbox"/> 10%-25% <input type="checkbox"/> 25%-50% <input type="checkbox"/>
If the business has foreign clients, where are these clients located (country)?	

Geographic Reach

7. Does the CDNS have activities relating to high risk jurisdictions? <i>High Risk in in Pakistan According to NRA 2019, CDNS Internal Risk Assessment</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>
8. Does the CDNS have activities relating to countries or areas of concern? <i>Check all that apply</i> FATF BLACK LIST OR COUNTRIES OF CONCERN AND/OR FATF GREY LIST	Yes <input type="checkbox"/> No <input type="checkbox"/>
9. What percentage of the CDNS's activities relate to the high-risk jurisdictions and areas or countries of concern outlined above?	0% (None) <input type="checkbox"/> 1%-5% <input type="checkbox"/> 5%-10% <input type="checkbox"/> 10%-20% <input type="checkbox"/> 20%-50% <input type="checkbox"/>

Delivery Channels

10. Does the CDNS have a non-face-to-face business model?	Yes <input type="checkbox"/> No <input type="checkbox"/>
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11. Does the CDNS use third party introducers?*	Yes <input type="checkbox"/>	No <input type="checkbox"/>
<i>Check all that apply</i>		
Domestic introducers not regulated for AML/CFT compliance <input type="checkbox"/>		
Regulated domestic introducers <input type="checkbox"/>		
Foreign introducers <input type="checkbox"/>		
If yes, from which countries:		
12. Does the CDNS accept any of the following types of payments?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
<i>Check all that apply</i>		
Cash <input type="checkbox"/>		
Virtual currency/assets <input type="checkbox"/>		
Precious metals and stones <input type="checkbox"/>		
Other forms of stored value: <input type="checkbox"/>		

MITIGATING CONTROLS

Risk Assessment

Enterprise Risk Assessment

1. Does the CDNS have a documented ML/TF risk assessment?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
<i>If yes, when was it last undertaken:</i>		
Start Date:		
End Date:		
2. Has the risk assessment considered different types of risk?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
<i>Check all that apply</i>		
Customers <input type="checkbox"/>		
Products/Services <input type="checkbox"/>		
Geographic Locations <input type="checkbox"/>		
Delivery Channels <input type="checkbox"/>		
Technologies <input type="checkbox"/>		
3. Is the risk assessment reviewed and updated on a regular basis?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
<i>If yes, how often:</i>		

Client Risk Assessment

4. Does the CDNS assign documented risk ratings to its clients?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
5. Has the risk assessment considered different drivers of client risk?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
<i>Check all that apply</i>		
Inherent Characteristics of the Client that Represent Higher Risk <input type="checkbox"/>		
Client Transaction History <input checked="" type="checkbox"/>		
Products/Services Used <input type="checkbox"/>		
Geographic Nexus <input type="checkbox"/>		
Delivery Channels Used <input type="checkbox"/>		
6. Are customer risk ratings kept up to date?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
<i>If yes, how often:</i>		

Policies, Procedures and Systems

Policies and Procedures

7. Does the CDNS have a documented AML/CFT compliance program?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
8. Was the AML/CFT Policy developed to mitigate risks identified in the risk assessment?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
9. Are controls in place to prevent breaches of the AML/CFT Policy?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Systems

10. Has the CDNS put in place systems to support the implementation of the AML/CFT Policy?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Check all that apply</i> Automatic Systems <input type="checkbox"/> Manual Systems <input type="checkbox"/>	
11. Are there systems in place to carry out obligations under the AML/CFT Policy?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Check all that apply</i> Identifying PEPs <input type="checkbox"/> Identifying targeted financial sanctions designated persons <input type="checkbox"/> Monitoring third party introducers or agents <input type="checkbox"/> Monitoring other professional service providers <input type="checkbox"/> Monitoring occasional customers <input type="checkbox"/> Monitoring transactions <input type="checkbox"/> Record keeping and retention <input type="checkbox"/> Applying policy changes throughout the organisation <input type="checkbox"/>	
12. Are the CDNS's systems updated periodically?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>If yes, how frequently:</i>	

Customer Due Diligence

Client Identification

13. Does the CDNS identify and verify all its clients' identities?	Yes <input type="checkbox"/> No <input type="checkbox"/>
14. Does the CDNS make and keep records of customer identification?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Check all that apply</i> Name <input type="checkbox"/> Address <input type="checkbox"/> Nationality and residency status <input type="checkbox"/> Occupation <input type="checkbox"/> Purpose of account <input type="checkbox"/> Third parties exerting control over the client <input type="checkbox"/>	
15. Does the CDNS reject clients with incomplete client identification?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Corporations and Beneficial Ownership

16. Does the CDNS identify its corporate clients?	Yes <input type="checkbox"/> No <input type="checkbox"/>
17. Does the CDNS make and keep records of corporate customer identification?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Check all that apply</i> Name <input type="checkbox"/> Business address <input type="checkbox"/> Articles of Incorporation, Partnership Agreement, Trust Agreement etc. <input type="checkbox"/> Nature of business <input type="checkbox"/> Purpose of account <input type="checkbox"/>	
18. Does the CDNS identify and take reasonable measures to identify all ultimate beneficial owners who own 25% of more of the corporate client?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Ongoing Due Diligence

19. Are client identification and beneficial ownership files kept up to date?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>If yes, how frequently are the files updated:</i>	
20. Is there ongoing due diligence to verify that transactions are consistent with the customer's risk profile?	Yes <input type="checkbox"/> No <input type="checkbox"/>

21. Is the frequency and depth of ongoing due diligence conducted on the basis of client risk?	Yes <input type="checkbox"/> No <input type="checkbox"/>
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Enhanced Measures

Identify High Risk Clients and Situations

22. Does the CDNS identify high risk clients and situations?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Check all that apply</i> Foreign Politically Exposed Persons <input type="checkbox"/> Domestic Politically Exposed Persons <input type="checkbox"/> Legal persons with complex or opaque ownership structures <input type="checkbox"/> High net worth individuals <input type="checkbox"/> Non-face-to-face clients <input type="checkbox"/> Professional service providers <input type="checkbox"/> Non-profit organizations <input type="checkbox"/>	
23. Does the CDNS identify and assess the risks of new technologies?	Yes <input type="checkbox"/> No <input type="checkbox"/>
24. Does the CDNS identify clients or transactions related to high risk countries or areas/countries of concern?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Application of Enhanced Measures

25. Does the CDNS apply enhanced mitigating controls to address high risks?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Check all that apply</i> Obtaining more information (client ID, beneficial ownership, transaction purpose etc) <input type="checkbox"/> Updating customer information more frequently <input type="checkbox"/> Taking reasonable measures to identify the client's source of wealth and funds <input type="checkbox"/> Increasing the degree and level of transactions monitoring <input type="checkbox"/> Obtaining the approval of senior management of the business relationship <input type="checkbox"/>	
26. Is the application of enhanced measures variable in relation to the identified risk of the client or situation?	Yes <input type="checkbox"/> No <input type="checkbox"/>
27. Does the CDNS's senior management have ongoing oversight re: high risk clients and situations?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Targeted Financial Sanctions

Targeted Financial Sanctions Designated Persons Listings

28. Does the CDNS screen clients against the UN targeted financial sanctions designated lists for terrorist financing (UNSCR 1267 and its successor resolutions)?	Yes <input type="checkbox"/> No <input type="checkbox"/>
29. Does the CDNS screen clients against national-level targeted financial sanctions lists for terrorist financing?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Which national lists are checked?</i> Domestic list <input type="checkbox"/> United States (OFAC) <input type="checkbox"/> United Kingdom <input type="checkbox"/> European Union <input type="checkbox"/> Other <input type="checkbox"/>	
30. Does the CDNS screen clients against the UN targeted financial sanctions lists for proliferation financing (UNSCR 1718 and its successor resolutions, and UNSCR 2231)?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Targeted Financial Sanctions Screening Procedures

31. Are all new and existing accounts checked against designated persons sanctions lists whenever the lists are updated?	Yes <input type="checkbox"/> No <input type="checkbox"/>
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<i>How is screening done?</i>	
Manually against the published listings <input type="checkbox"/>	
Using in-house or third-party software solutions <input type="checkbox"/>	
32. Is there an ongoing customer scanning/filtering process (automated or manual) for the designated persons sanctions lists?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>What frequency is the client database scanned?</i>	
Multiple times per day <input type="checkbox"/>	
Once a day <input type="checkbox"/>	
Once a week <input type="checkbox"/>	
Once a month <input type="checkbox"/>	
Other timeframe: _____ <input type="checkbox"/>	
Client database is not scanned on an ongoing basis <input type="checkbox"/>	
33. Are beneficial owners checked against the designated persons sanctions lists?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Targeted Financial Sanctions Matches

34. Does the CDNS maintain records of name matches against targeted financial sanctions designated persons lists?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Check all that apply</i>	
Records are maintained of all true matches <input type="checkbox"/>	
Records are maintained of all false positives <input type="checkbox"/>	
35. Does the CDNS have policies in place to determine whether matches against the designated persons sanctions lists are true hits?	Yes <input type="checkbox"/> No <input type="checkbox"/>
36. Does the CDNS have policies in place to report any positive matches against the designated persons sanctions lists to the competent authorities?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Have any designated financial sanctions name matches been reported?</i>	
True matches have been reported to competent authorities <input type="checkbox"/>	
True matches have not been reported to competent authorities <input type="checkbox"/>	
No true matches have been determined <input type="checkbox"/>	

Suspicious Transaction Reporting

Transaction Monitoring

37. Does the CDNS monitor for suspicious transactions?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Check all that apply</i>	
Manually <input type="checkbox"/>	
Automatically <input type="checkbox"/>	
38. Does the CDNS have expected turnaround times to analyse suspicious transactions?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>If yes, what is the expected turnaround time from the time the transaction is processed:</i>	
39. Does the CDNS have a designated person responsible for filing suspicious transaction reports?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Suspicious Transactions Reported

40. Has the CDNS reported suspicious transactions to the FIU?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>If yes, how many STRs have been filed:</i>	
41. Does the CDNS report attempted transactions that were not completed?	Yes <input type="checkbox"/> No <input type="checkbox"/>
42. Does the CDNS file STRs even when it does not suspect a specific crime that the transaction may be related to?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Internal Controls

Compliance Officer

43. Has the CDNS appointed a compliance officer with responsibility for the implementation of the AML/CFT Policy and compliance program?	Yes <input type="checkbox"/> No <input type="checkbox"/>
44. Is the compliance officer at a management level?	Yes <input type="checkbox"/> No <input type="checkbox"/>
45. Does the compliance officer have access to all client and business files and records?	Yes <input type="checkbox"/> No <input type="checkbox"/>

Training

46. Does the CDNS have an AML/CFT training program?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>How is the training developed (check all that apply)</i>	
Developed in-house <input type="checkbox"/>	
Sourced from third parties <input type="checkbox"/> *	
47. Does the training program cover the entirety of the AML/CFT compliance program?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>What does the training program cover (check all that apply)</i>	
Responsibilities of the CDNS and its employees under the AML/CFT Law/Regulations <input type="checkbox"/>	
Internal policies, procedures and processes <input type="checkbox"/>	
How to identify and report suspicious transactions to the FIU <input type="checkbox"/>	
Common methods used by money launderers and terrorist financiers <input type="checkbox"/>	
48. Does every employee with AML/CFT responsibilities receive training?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Who receives AML/CFT training (check all that apply)</i>	
New recruits <input type="checkbox"/>	
Frontline employees with customer interface <input type="checkbox"/>	
AML/CFT Compliance Officer and staff <input type="checkbox"/>	
Back office staff <input type="checkbox"/>	
Audit <input type="checkbox"/>	
Senior management <input type="checkbox"/>	
Board members <input type="checkbox"/>	

Audit

49. Is there an independent evaluation of the AML/CFT compliance program? (e.g. internal audit, independent audit)	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>What frequency is audit?</i>	
Every year <input type="checkbox"/>	
Every two years <input type="checkbox"/>	
Other timeframe: <input type="checkbox"/>	
50. Does the audit program review all elements of the AML/CFT compliance program?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<i>Check all that apply</i>	
Does the audit function assess compliance with applicable laws, regulations and guidelines? <input type="checkbox"/>	
Does the audit function examine the adequacy of customer due diligence policies, procedures and processes? <input type="checkbox"/>	
Does the audit function perform testing (client files, unusual/suspicious transaction files, targeted financial sanctions name match files, etc.)? <input type="checkbox"/>	

51. Does the audit function examine the integrity and accuracy of information management and information technology systems used in the AML/CFT compliance program (including transaction monitoring systems if applicable)?	Yes <input type="checkbox"/> No <input type="checkbox"/>
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