4th Follow-Up Report

Mutual Evaluation of Pakistan

July 2022

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PAKISTAN: 4TH ENHANCED FOLLOW-UP REPORT FEBRUARY 2022

I. INTRODUCTION

1. The mutual evaluation report (MER) of Pakistan was adopted in August 2019.

2. This FUR analyses the progress of Pakistan in addressing the technical compliance requirements of the recommendations being re-rated. Technical compliance re-ratings are given where sufficient progress has been demonstrated.

3. This report does not analyse any progress Pakistan has made to improve its effectiveness.

4. The assessment of Pakistan's request for technical compliance re-ratings and the preparation of this report was undertaken by the following experts:

- *Mingyang Wu and Rui Liu, China*
- *Osa Chan, Hong Kong, China*
- *Joëlle Woods and Suzie White, APG secretariat*

5. Section III of this report summarises the progress made to improve technical compliance. Section IV contains the conclusion and a table illustrating Pakistan's current technical compliance ratings.

II. FINDINGS OF THE MUTUAL EVALUATION REPORT & FOLLOW-UP

6. Pakistan's MER ratings[1] and updated ratings based on earlier FURs[2] are as follows:

R.	Rating
1	**NC** (2017 MER) ↑ **LC** (FUR Feb 2021)
2	**LC** (MER 2019)
3	**LC** (MER 2019)
4	**LC** (MER 2019)
5	**LC** (MER 2019)
6	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
7	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
8	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
9	**C** (MER 2019)
10	**PC** (MER 2019) ↑ **C** (FUR Feb 2021)

R.	Rating
21	**PC** (MER 2019) ↑ **C** (FUR Oct 2020)
22	**NC** (MER 2019) ↑ **LC** (FUR Oct 2020)
23	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
24	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
25	**NC** (MER 2019) ↑ **LC** (FUR Oct 2020)
26	**PC** (MER 2019) ↑ **LC** (FUR Feb 2021)
27	**PC** (MER 2019) ↑ **C** (FUR Oct 2020)
28	**NC** (MER 2019) ↑ **PC** (FUR Oct 2020)
29	**PC** (MER 2019) ↑ **C** (FUR Feb 2020)
30	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)

[1] There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC). Effectiveness ratings for the 11 Immediate Outcomes are: Low, Moderate (Mod), Substantial or High.

[2] Current ratings and the year confirmed are indicated based on the original MER or follow-up re-ratings.

R.	Rating
11	**LC** (MER 2019)
12	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
13	**LC** (MER 2019)
14	**PC** (MER 2019) ↑ **C** (FUR Oct 2020)
15	**PC** (MER 2019)
16	**LC** (MER 2019)
17	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
18	**PC** (MER 2019) ↑ **LC** (FUR Feb 2021)
19	**PC** (MER 2019) ↑ **C** (FUR Oct 2020)
20	**PC** (MER 2019) ↑ **C** (FUR Oct 2020)

R.	Rating
31	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
32	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
33	**PC** (MER 2019)
34	**PC** (MER 2019) ↑ **LC** (FUR Feb 2021)
35	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
36	**LC** (MER 2019)
37	**PC** (MER 2019) ↓ **NC** (FUR 2020 Oct)
38	**NC** (MER 2019)
39	**LC** (MER 2019)
40	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)

7. Given its MER results, Pakistan was placed on enhanced (expedited) follow-up. Following progress with technical compliance made as set out in October 2020 FUR, Pakistan was moved from enhanced (expedited) to enhanced follow-up[3].

III. OVERVIEW OF PROGRESS TO IMPROVE TECHNICAL COMPLIANCE

8. In keeping with the APG Mutual Evaluation Procedures, this FUR considers progress made up until 1 February 2022. In line with the ME Procedures and FATF Methodology, the review team analysis has considered progress to address the deficiencies identified in the MER and the entirety (all criteria) of each Recommendation under review, noting that this is cursory where the legal, institutional or operational framework is unchanged since the MER or previous FUR.

9. This section summarises the progress made by Pakistan to improve its technical compliance by addressing the technical compliance deficiencies identified in the MER/FUR.

3.1. Progress to address technical compliance deficiencies identified in the MER

10. Pakistan requested re-ratings of the following Recommendations: 28 and 33 (which are rated PC); 37 and 38 (which are rated NC).

11. The APG welcomes the steps that Pakistan has taken to improve its technical compliance with R.28, R.33, R.37, and R.38. As a result of this progress, Pakistan has been re-rated as follows: Compliant with R.33, Largely Compliant with R.28 and R.37, and Partially Compliant with R.38.

Recommendation R.28 (Originally rated NC, re-rated PC FUR Oct 2020)

12. Pakistan has taken steps to address shortcomings in relation to DNFBP supervision, including the establishment of an AML/CFT supervisory framework. Deficiencies remain with fit and proper requirements and the implementation of risk-based AML/CFT supervision for DNFBPs.

13. **Criterion 28.1** is *not applicable* (as per MER).

[3] There are three categories of follow-up based on mutual evaluation reports: regular, enhanced and enhanced (expedited). For further information see the APG Mutual Evaluation Procedures.

14. **Criterion 28.2** is *met* (as per the October 2020 FUR). The analysis in the MER and available material supports the criterion rating.

15. **Criterion 28.3** is *met*. Since Pakistan's 2nd FUR (October 2020), the Ministry of Law and Justice (MoLJ) is empowered as the oversight body for Self-Regulatory Body (SRB) of lawyers. Pakistan has also further amended its AMLA to designate Pakistan Bar Council, Provincial Bar Councils and Islamabad Bar Council as the SRBs of lawyers.

16. Pakistan MoLJ issued regulations on the SRBs' AML/CFT obligations; developed regulations for the SRB to monitor AML/CFT compliance of lawyers; and published the AML/CFT guidance for lawyers on its website, available for public consumption. The guidance document sets out AML/CFT obligations and sanction for non-compliance for lawyers.

17. **Criterion 28.4** is *mostly met*.

18. Criterion 28.4(a) - (as per the October 2020 FUR) (as per MER). The analysis in the FUR and available material supports the criterion rating.

19. Criterion 28.4(b) - By amendment to the Federal Board of Revenue AML/CFT regulations for DNFBPs, SRO 128(1)/2022 Chapter 1 regulation 3, sub regulations 4 and 5, criminals and their associates are now clearly restricted from holding a significant or controlling interest of DNFBP; being a beneficial owner of a DNFBP; or being part of the senior management of the DNFBP. These amendments apply to supervision of real estate agents, dealers in precious metals and stones and accountants which are not members of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants (ICMAP).

20. For accountants who are supervised by ICAP and ICMAP, a directive on licensing controls under AML/CFT regulations has been issued. The directive requires ICAP and ICMAP supervised accountants to submit a criminal check declaration at the time of issuance and renewal of certificate of practice. The directive and declaration form do not extend to associates of criminals, and therefore this deficiency remains.

21. With respect to lawyers, Regulation 4 of the Oversight Body Regulations 2021 (in force since April 2021) requires SRBs to apply suitable market entry controls to ensure that it does not professionally accredit lawyers that are criminals or acting as an associate of a criminal, or whose beneficial owner is a criminal or criminal associates. Pakistan's Bar Council, the SRB for lawyers, updated its enrolment procedures to incorporate criminal record checks prior to issuance of enrolment certificates/licenses. The requirement however does not extend to associates of criminals.

22. Criterion 28.4(c) (as per the October 2020 FUR). The analysis in the FUR and available material supports the criterion rating.

23. **Criterion 28.5** is *mostly met*. Upon completion of the 2019 national risk assessment (NRA), a subsequent sectoral risk assessment (SRA) was completed in 2020, covering DNFBPs supervised by the Federal Board of Revenue (FBR) (dealers in precious metals and stones (DPMS), real estate agents and non-ICAP and ICMAP accountants). The FBR established a risk based supervisory framework in the same year, developing a DNFBP management system and DNFBP mobile app to supervise DNFBP's on a risk basis.

24. FBR's supervision to date has included activity verification to identify the non-filer or zero income filers conducting business activities; offsite supervision of very high and high risk entities in accordance with the risk-based supervision (RBS) framework; onsite thematic inspections of 412 entities and 467 onsite full scope inspections. As a result, a wide range of non-monetary (including

censure, warning and direction) and monetary sanctions were imposed on a large number of DNFBPs for AML/CFT non-compliance.

25. For accountants supervised by ICAP and ICMAP, the RBS has included the identification and analysis of the ML/TF risk, both at the sector and at the reporting firm's level. ICAP and ICMAP have completed their 2 phase offsite monitoring. ICAP has completed onsite inspections of 19 firms and ICMAP has completed onsite inspections of 8 firms. Thematic inspections have also been conducted by both supervisors covering medium and low risk rated firms. A wide range of sanctions were imposed on the DNFBPs for AML/CFT compliance.

26. As at February 2022, Pakistan estimates there are approximately 186,956 registered lawyers in Pakistan, with 130 confirmed to be offering regulated services under the AML/CFT regime. Considering the size and business of the sector, Pakistan has commenced supervision of lawyers based on three categories: Category 1 are the lawyers registered as intermediaries under the Intermediaries Registration Regulations 2017 issued in pursuance of section 455 of the Companies Act, 2017; Category 2 are the lawyers providing services to Asset Management Companies (AMC); Category 3 are the other lawyers. The offsite supervision of lawyers is occurring over two phases, phase 1 population determination survey and phase 2 offsite monitoring questionnaire. Phase 1 is complete for category 1 and 2 lawyers, and is ongoing for category 3 lawyers. Phase 2 is ongoing for category 1 and 2 lawyers, whilst planning is still taking place for category 3 lawyers.

Weighting and Conclusion

27. Pakistan has implemented fit and proper controls for DNFBPs, however minor deficiencies remain with respect to the controls for accountants supervised by ICMAP/ICAP and lawyers as they do not extend to cover associates of criminals. Risk-based supervision on DPMS, real estate and accountants is in place and supervision has commenced for lawyers. The remaining deficiencies are weighed as minor, taking into account the overall implementation of supervision of DNFBPs. ***Recommendation 28 is re-rated to Largely Compliant.***

Recommendation R.33 (Originally rated PC)

28. The 2019 MER found deficiencies with statistics maintained on matters relevant to effectiveness and efficacy of AML/CFT systems. Since the MER, Pakistan has implemented more comprehensive data collection and management systems and is also preparing to introduce a central data management system.

29. **Criterion 33.1** is *met*. Pakistan authorities have made substantial progress on the maintenance and management of comprehensive AML/CFT statistics. Pursuant to the AML Act section 5(2)(f), the NEC is empowered to monitor the collection of statistics and the overall outcomes from FMU, AML/CFT supervisors, LEAs and other AML/CFT competent authorities.

30. Criterion 33.1(a) – FMU has upgraded its financial intelligence software and online reporting system, and now maintains comprehensive statistics on STRs received and disseminated since 2018. The statistics on STRs received and disseminated is also broken down based on different parameters to analyze and assist in risk assessments, including STRs received by reporting institutions (broken down by predicate type and reporting institution) and STRs disseminated by LEAs and information shared with supervisors. FMU shares statistics with LEAs on a quarterly basis containing STRs received and disseminated, broken down by region, predicate offence and agency.

31. Criterion 33.1(b) - Pakistan maintains statistics on ML and TF investigations, prosecutions and convictions. These can be broken down in terms of various predicate offences involved in ML/TF offences. NACTA has developed a database of TF investigations, prosecutions and convictions, in consultation with provincial CTDs.

32. Criterion 33.1(c) - Pakistan maintains comprehensive statistics including the predicates of ML offences and their predicates in relation to property frozen, seized and confiscated.

33. Criterion 33.1(d) - Pakistan maintains comprehensive statistics in relation to MLA and informal cooperation.

Weighting and Conclusion

34. Pakistan now maintains comprehensive statistics on matters relevant to the effectiveness and efficiency of their AML/CFT systems, including STRs, received and disseminated; ML/TF investigations, prosecutions and convictions; property frozen; seized and confiscated; and mutual legal assistance or other international requests for co-operation made and received. ***Recommendation 33 is re-rated to Compliant***.

Recommendation R.37 (Originally rated PC, re-rated NC FUR Oct 2020)

35. Pakistan was rated PC in its MER, with the report finding that Pakistan was unable to provide mutual legal assistance (MLA) to foreign countries in the absence of a treaty for ML offences. There was also a lack of a legal basis to provide MLA in terrorism, TF and in most predicate offence cases. LEAs lacked powers to execute MLA requests. The October 2020 FUR found that Pakistan had made positive steps in enacting the MLA Act (MLAA) and establishing MLA processes. However, the restrictive condition imposed on the provision of MLA through the new requirement to inform the subject of the request, is a significant deficiency noting the risk and context of Pakistan, including the risks of cross-border ML/TF and associated predicate offences. Considering the nature and scope of the remaining gaps, and Pakistan's risk and context, the October 2020 FUR re-rated R.37 to NC.

36. The MLAA was further amended in July 2021 and the Interior Ministry issued updated MLA Guidelines of Pakistan ("MLA Guidelines") in 2022, which apply to all LEAs and relevant federal authorities.

37. **Criterion 37.1** is *mostly met*. Since the October 2020 FUR, further legislative or regulatory changes have not effected this criterion. There remains a minor deficiency relating to the coverage of predicate offences. Given Pakistan's requirement for dual criminality, the gaps in the coverage of predicate offences identified in R.3 of the MER may impede Pakistan's ability to provide legal assistance on such matters.

38. **Criterion 37.2** is *met*. The 2021 amendment to section 2(c) of the MLAA makes it clear that the Secretary to the Ministry of the Interior is the Central Authority. The decision making power of the Executive Committee has been removed and it is no longer necessary to convene a committee for addressing the requests. Nonetheless, according to the MLA Guidelines "The International Cooperation Wing of the Ministry of Interior will handle all the international incoming and outgoing requests as per given timelines and will liaise with the Committee as necessary" (section 1.3). The "Committee" mentioned in Section 1.3 of the MLA Guidelines refers to the Cabinet which is mandatory to be consulted in case international cooperation is sought from non-treaty countries as per section 3 (3) of the MLAA. The cabinet has a regular meeting to discuss the MLA requests from non-treaty countries once a week and will also process urgent requests through out-of-session circulation when required.

39. Further, the new section 4(1A) of the MLAA requires the Central Authority to process and decide all requests of MLA expeditiously and this is elaborated at a practical level in the Guidelines. The MLA Guidelines allocate the International Cooperation Wing of the Ministry of Interior to act as secretariat on behalf of the Central Authority and handles to requests on its own under the direct supervision of the Secretary to the Ministry of the Interior. Pursuant to the Guidelines, with the approval of the Central Authority, the International Cooperation Wing is required to send the MLA requests to the authority responsible for execution within 7 days. The relevant authority is required to send detailed

replies to the Central Authority within 30 days and an interim reply within 30 days for complicated cases. In addition, the Central Authority will follow up with the relevant authorities on an on-going basis 7 days after forwarding the request and the detailed reply received from the relevant authorities will be forwarded to the requesting jurisdiction through the Ministry of Foreign Affairs within 7 days. As such, there is a clear mechanism for timely prioritization and process of the request and there is a case management system for monitoring the progress of execution.

40. **Criterion 37.3** is *partly met*. The 2021 amendment of the MLAA removed the previous unduly restrictive from s.5, i.e. the requirement that no MLA request shall be approved without issuing notice to the person to whom the MLA request relates. However, pursuant to section 13(2) of the MLAA, notice to all persons concerned is still required for the application for restrain order pursuant to MLA request if there is no restraint order in place at the requesting jurisdiction. Analysis set out in c38.1 (Section 13(2) of MLAA) applies to this criterion.

41. **Criterion 37.4** is *met* (as per the October 2020 FUR). The analysis in the FUR and available material supports the criterion rating.

42. **Criterion 37.5** is *mostly met*. Confidentiality of the MLA request is provided under section 18 of the MLAA. Practical steps to ensure confidentiality of MLA requests are further elaborated in the MLA Guidelines. Although the MLAA requires notice to be given to all persons concerned for application for restrain order in the absence of a foreign restrain order (s.13(2)), the Pakistan authorities will consult the requesting country before making application.

43. **Criterion 37.6** is *met* (as per the October 2020 FUR). The analysis in the FUR and available material supports the criterion rating.

44. **Criterion 37.7** is *met* (as per the October 2020 FUR). The analysis in the FUR and available material supports the criterion rating.

45. **Criterion 37.8** is *met* (as per the October 2020 FUR). The analysis in the FUR and available material supports the criterion rating.

Weighting and Conclusion

46. Since the 2020 FUR Pakistan has amended the MLAA (s.5) to remove the major deficiency identified with unduly restrictive condition regarding the requirement of notification to the subject of MLA requests. Pakistan has also issued updated MLA Guidelines to all implementing agencies to support the MLA process. There are however deficiencies in the scheme for providing assistance to obtain restraint orders *ex parte* in all circumstances. This deficiency is principally reflected in R.38 but also creates a minor deficiency in the context of R.37. A minor deficiency remains relating to the coverage of predicate offences. ***Recommendation 37 is re-rated to Largely Compliant.***

Recommendation R.38 (Originally rated NC)

47. Pakistan was rated NC in its MER. The October 2020 FUR found that Pakistan had made positive steps in enacting the MLA Act (MLAA) and establishing MLA processes, however procedures had not been developed to support timely handling of requests. There were limitations with respect to non-conviction based orders. The 2020 FUR found that major deficiencies with restrictive conditions introduced in the MLAA, including the requirement that the subject of any request to restrain or confiscate assets be notified of that request before the action can be taken, which prevents Pakistan from maintaining the confidentiality of requests and undermines its ability to act expeditiously. This deficiency was given significant weight.

48. The MLAA was further amended in July 2021 and the Interior Ministry issued updated MLA Guidelines in 2022, which apply to all LEAs and relevant federal authorities.

49. **Criterion 38.1** is *partly met*. Since Pakistan's 2nd FUR (October 2020) further procedures to support expeditious processes have been developed. These are set out in the 2022 Guideline and apply to the Central Authority and all agencies implementing the MLAA.

50. The MLAA (s.9)1-3)) provides a basis for Pakistan to take expeditious action in response to requests by foreign countries to identify assets *ex parte*.

51. While the MLAA covers some circumstance where restraint orders can operate *ex parte*, there are circumstances where restraint orders can only be obtained with notice and another circumstance where the MLAA is unclear.

52. The MLAA allows *ex parte* registration of foreign restraint orders upon request in cases where the requesting jurisdiction has such an order (s.13(3)). In practice, this would cover many but not all instances of MLA for restraint or property.

53. It is not clear if Pakistan authorities could utilise the provisions of s.13(3), i.e. *ex parte* registration of restraint orders, in circumstances where the requesting jurisdiction already has a domestic court order for confiscation.

54. In cases where a country seeks a restraint order and where a confiscation order has already been issued, the MLAA requires prior notice to be given (s.13(2)). The MLA Guideline guides implementing authorities to go back to requesting foreign partners in such circumstances to obtain a restraint order so that s.13(3) can be utilised *ex parte*. However, requesting jurisdictions may not be able to do so in all circumstances.

55. The MLAA is silent on Pakistan obtaining a domestic restraint order upon request in a case where the requesting jurisdiction does not have either a restraint order or a confiscation order. This is a deficiency.

56. These deficiencies with restraint are particularly problematic as *ex parte* restraint is a crucial practical step to properly support with-notice confiscation processes.

57. A minor deficiency remains relating to the coverage of predicates offences (the offences of grievous bodily injury and marine piracy). The deficiency relating to Pakistan's inability to confiscate property of corresponding value remains.

58. **Criterion 38.2** is *met*. The MLAA has been amended (s.2(i)) so that Pakistan can provide assistance to requests for co-operation made on the basis of non-conviction based confiscation proceedings. This arrangement is applicable under treaty or on a case-by-case basis when there is no treaty with the requesting jurisdiction.

59. **Criterion 38.3** is *met* (as per the October 2020 FUR). The analysis in the FUR and available material supports the criterion rating.

60. **Criterion 38.4** is *met* (as per the October 2020 FUR). The analysis in the FUR and available material supports the criterion rating.

Weighting and Conclusion

61. Since the October 2020 FUR, Pakistan has amended the MLAA (s.5) to remove the major deficiency identified with unduly restrictive condition regarding the requirement of notification to the

subject of MLA requests. The further amendments to the MLAA allow for assistance on the basis of non-conviction based confiscation proceedings. Pakistan has also issued MLA Guidelines to all implementing agencies to support the expeditious MLA process. There are however deficiencies in the scheme for providing assistance to obtain restraint orders *ex parte* in all circumstances. While the MLAA covers some circumstance where restraint orders can operate ex parte, there are circumstances where restraint orders can only be obtained with notice and another circumstance where the MLAA is unclear. These deficiencies with restraint are particularly problematic as *ex parte* restraint is a crucial practical step to properly support with-notice confiscation processes, hence more weighting has been assigned to this deficiency. ***Recommendation 38 is re-rated to Partially Compliant.***

IV. CONCLUSION

62. Overall, Pakistan has made good progress in addressing the technical compliance deficiencies identified in its MER and has been re-rated on Compliant with R.33, Largely Compliant with R.28 and R.37 and Partially Compliant with R.38.

63. A summary table setting out the underlying deficiencies for each of the recommendations assessed in this report is included at Annex A.

64. In light of the progress made by Pakistan since its MER was adopted, its technical compliance with the FATF Recommendations is as follows as of February 2022:

R.	Rating
1	**NC** (2017 MER) ↑ **LC** (FUR Feb 2021)
2	**LC** (MER 2019)
3	**LC** (MER 2019)
4	**LC** (MER 2019)
5	**LC** (MER 2019)
6	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
7	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
8	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
9	**C** (MER 2019)
10	**PC** (MER 2019) ↑ **C** (FUR Feb 2021)
11	**LC** (MER 2019)
12	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
13	**LC** (MER 2019)
14	**PC** (MER 2019) ↑ **C** (FUR Oct 2020)
15	**PC** (MER 2019)
16	**LC** (MER 2019)
17	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
18	**PC** (MER 2019) ↑ **LC** (FUR Feb 2021)
19	**PC** (MER 2019) ↑ **C** (FUR Oct 2020)

R.	Rating
21	**PC** (MER 2019) ↑ **C** (FUR Oct 2020)
22	**NC** (MER 2019) ↑ **LC** (FUR Oct 2020)
23	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
24	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
25	**NC** (MER 2019) ↑ **LC** (FUR Oct 2020)
26	**PC** (MER 2019) ↑ **LC** (FUR Feb 2021)
27	**PC** (MER 2019) ↑ **C** (FUR Oct 2020)
28	**NC** (MER 2019) ↑ **PC** (FUR Oct 2020) ↑ **LC** (FUR Feb 2022)
29	**PC** (MER 2019) ↑ **C** (FUR Feb 2020)
30	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
31	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
32	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
33	**PC** (MER 2019) ↑ **C** (FUR Feb 2022)
34	**PC** (MER 2019) ↑ **LC** (FUR Feb 2021)
35	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)
36	**LC** (MER 2019)
37	**PC** (MER 2019) ↓ **NC** (FUR 2020 Oct) ↑ **LC** (FUR Feb 2022)
38	**NC** (MER 2019) ↑ **PC** (FUR Feb 2022)
39	**LC** (MER 2019)

R.	Rating
20	**PC** (MER 2019) ↑ **C** (FUR Oct 2020)

R.	Rating
40	**PC** (MER 2019) ↑ **LC** (FUR Oct 2020)

65. Pakistan has 38 Recommendations rated C/LC. Pakistan will remain in enhanced follow-up. Pakistan's next progress report is due 1 February 2023.

Annex A

Summary of Technical Compliance –Deficiencies underlying the ratings [4]

Compliance with FATF Recommendations		
Recommendation	**Rating**	**Factor(s) underlying the rating**[5]
R.28	NC (MER 2019) PC (FUR 2020) LC (FUR 2022)	• Fit and proper controls for accountants supervised by ICMAP/ICAP and lawyers do not extend to associates of criminals. (c.28.4(b)) • Supervision for lawyers is still being implemented. (c.28.5)
R.33	PC (MER 2019) C (FUR 2022)	• No deficiencies identified.
R.37	PC (MER 2019) NC (FUR 2020) LC (FUR 2022)	• The minor deficiency relating to the coverage of predicate offences (grievous bodily injury and marine piracy) remains. (c.37.1) • There are circumstances where restraint orders can only be obtained with notice and another circumstance where the MLAA is unclear. (c.38.1)
R.38	PC (MER 2019) NC (FUR 2020) PC (FUR 2022)	• The minor deficiency relating to the coverage of predicate offences (grievous bodily injury and marine piracy) remains. (c.38.1) • There are circumstances where restraint orders can only be obtained with notice and another circumstance where the MLAA is unclear. (c.38.1) • There is no legal basis to confiscate property of corresponding value. (c.38.1(e))

[4] Ratings and factors underlying the ratings are only included for those recommendations under review in this FUR.

[5] Deficiencies listed are those identified in the MER unless marked as having been identified in a subsequent FUR.