



**Financial Monitoring Unit (FMU)**  
**Government of Pakistan**  
2<sup>nd</sup> Floor, SBP Main Building, I.I Chundrigar Road, Karachi

FMU/G&F/01/2021

November 12, 2021

The President / CEO,  
All Reporting Entities,

Dear Sirs/Madams,

Subject: **Suspicious Transaction Reports (STRs) based on inquiries from Law Enforcement Agencies (LEAs) and Regulators**

Financial Monitoring Unit (FMU) issued comprehensive guidelines on filing of Suspicious Transaction Reports (STRs) for the reporting entities vide letter No. FMU-Circular No. 02 of 2020 dated May 05, 2020, which are available on FMU's website on the following link:

<https://www.fmu.gov.pk/wp-content/uploads/2020/05/Guidelines-on-filing-of-Suspicious-Transaction-Reports-for-the-Reporting-Entities.pdf>

2. In continuation to the above circular, below guidelines are being issued to further enhance the quality of STRs being reported, based on Law Enforcement Agency (LEAs)/Regulators' inquiries.

3. The Law Enforcement Agencies and other relevant authorities frequently request financial information from the financial institutions under the AML Act, 2010 and/or their respective laws for investigation and evidence purpose. Reporting Entities besides responding to the inquiry letters of LEAs/Regulators, also have made practice of filing STRs to FMU on persons, accounts, entities, transactions etc., subject to such inquiries and investigations.

4. The inquiry letters from the LEAs/Regulators are good source of information/trigger for reporting entities to consider filing of STRs to FMU. However, it has been noticed that reporting entities file such STRs solely on the basis of inquiry letters and these STRs usually lack thorough analysis and most of these STRs are reported against inoperative accounts, accounts with no transactional activity or old transactions having no link with the suspected offence.

5. In view of the above, the reporting entities are advised to properly analyze the transactional activity of the persons, accounts and entities under inquiry by the LEAs prior to reporting of STRs to FMU. In this context, following scenarios may be focused to enhance the analysis/quality of suspicious transactions based on inquiries from LEAs and Regulators:

- High level of transactional activity conducted by the person or entity under inquiry of LEAs, which is inconsistent with the profile of that person or entity.
- High value cash transactions, transfers, foreign remittances, currency exchange, investments, prize bonds, saving certificates, insurances policies and other products and delivery channels which appears to be unusual.
- The identification of transaction(s) linked with the offence for which the person or entity is being investigated or inquired.
- Transactions involving unrelated counterparties or transactions without economic sense/lawful purpose.
- Identification and analysis of linked individuals or relationships suspectedly involved in suspicious transactional activity.



**Financial Monitoring Unit (FMU)**  
**Government of Pakistan**  
2<sup>nd</sup> Floor, SBP Main Building, I.I Chundrigar Road, Karachi

---

6. The reporting entities are also advised to select appropriate indicator to highlight the underlying offence (if available) on which LEA has inquired along with the indicator of "Inquiry by LEA" such as Terrorism financing, Corruption, Tax evasion, Fraud or Forgery, Hawala/ Hundi etc.

7. The reporting entities are also required to provide the detail of whether the requested information has been shared with the relevant LEA or not, in the field of "Action taken by Reporting Entity" and also attach the correspondence with the LEA made against such inquiry.

8. Accordingly, all the reporting entities are advised to ensure compliance to the above guidelines to enhance the quality of STRs being reported to FMU.

**Yours truly,**

s/d

**(Sumera Baloch)**  
**Additional Director**

Copy to:

- 1) The Executive Director, Banking Policy & Regulations Group, State Bank of Pakistan, Karachi.
- 2) The Executive Director, Anti-Money Laundering, Securities & Exchange Commission of Pakistan, Islamabad.
- 3) Directorate General of Designated Non-Financial Business and Professions (DNFBPs), Islamabad