

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to A.H.M. Securities (Pvt.) Limited

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Dates of Hearing

April 26, 2022

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**Order-Redacted Version**

Order dated June 24, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of A.H.M. Securities (Pvt.) Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated March 04, 2022.
2. Name of Respondent	A.H.M. Securities (Pvt.) Limited (the Respondent)
3. Nature of Offence	<u>Alleged contraventions of under rules 4(1) and 6(1) of the AML/CFT Sanctions Rules, 2020 (the Rules) and regulation 11, 5(a), 27(2)(c)(ii), 25(2), 23(2), 31 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 (the AML Regulations) read with Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010 (the Act).</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have considered the facts of the case and the written as well as oral submissions of the Respondent and its Representation in light of the applicable legal provisions and observed that:</p> <p>(i) With regard to the alleged violation of regulations 11 of the AML Regulations, the respondent failed to submitted the pre-Inspection evidence of identified customer. However, during the hearing, the Representatives informed that subsequent to the Inspection they have rectified it. Therefore, the Respondent cannot deny violation of the aforesaid regulation of the AML Regulations.</p> <p>(ii) with regard to the alleged violation of regulations and 25(1)(a) of the AML Regulations, the Respondent responded to the JIT that we will update our Policy &amp; Procedures in light of your guidance and will provide</p>

you our updated Policy & Procedures as soon as it is available. During the hearing, the Representatives informed that subsequent to the Inspection they have rectified it. Therefore, the Respondent cannot deny violation of the aforesaid regulation of the AML Regulations.

(iii) The defaults of regulation 27(2)(c)(ii) were consequential to the default of regulations 5(a) and 25(1)(a) of the AML Regulations as mentioned in above para (ii).

(iv) with regard to the alleged violation of regulation 25(2) of the AML Regulations, the Respondent failed to submitted the pre-inspection evidence, which reflects that they were fulfilling the aforesaid regulation. However, during the hearing, the Representatives informed that subsequent to the Inspection they have rectified it. Therefore, the Respondent cannot deny violation of the aforesaid regulation of the AML Regulations.

(v) with regard to the alleged violation of regulation 23(2) of the AML Regulations. the Respondent failed to submit the pre-Inspection evidence of the identified client, which reflects that they were fulfilling the aforesaid regulation. However, during the hearing, the Representatives informed that subsequent to the Inspection they have rectified it. Therefore, the Respondent cannot deny violation of the aforesaid regulation of the AML Regulations.

(vi) with regard to the alleged violation of clause (ii) of note contained in Annex I of the AML Regulations, the representatives admitted violation of the aforesaid regulation of the AML Regulations.

(vii) with regard to the alleged violation of regulations 5(c), 8(3), 21(1) and clause (i)(m) & (o) of note to Annex 1 of the AML Regulations, the Respondent failed to submit the pre-Inspection evidence of the identified clients, which reflects that they were fulfilling the aforesaid regulations. However, during the hearing, the Representatives informed that subsequent to the Inspection they have rectified it. Therefore, the Respondent cannot deny violation of the aforesaid regulation of the AML Regulations.

Therefore, in terms of the powers conferred under 6(A)(2)(h) of the Act, hereby impose penalty of Rs. 780,000/- (Rupees Seven Hundred Eighty Thousand Only) on the Respondent. With

	respect non-compliance of regulation 27(2)(c)(ii) of the AML Regulations. the Compliance Officer of the Respondent is warned to be careful in future. The Respondent is advised to review its ANIL/ CFT policies & procedures to ensure that the requirements contained in the AML Regulations are met in letter and spirit, in future.
5. Penalty Imposed	Rs. 780,000/-
6. Current Status of Order	Penalty not deposited and No Appeal has been filed by the respondent.