

Before Amina Aziz, Director/HOW (Licensed Entities-Adjudication-I)

In the matter of Show Cause Notice issued to Aba Ali Habib Securities (Pvt.) Limited.

Dates of Hearing

October 21, 2022

**Order-Redacted Version**

Order dated November 04, 2022 was passed by Director/Head of Wing (Licensed Entities-Adjudication-I) in the matter of Aba Ali Habib Securities (Pvt.) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated August 11, 2022.
2. Name of Respondent	Aba Ali Habib Securities (Pvt.) Limited (the Company and/ or the Respondent).
3. Nature of Offence	Alleged contraventions of <u>Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010 read with rules 4(1) and 6(1) of the AML/CFT Sanctions Rules, 2020 and regulation 31 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering And Countering Financing of Terrorism) Regulations, 2020 thereof.</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have reviewed the facts of the case and considered the written as well as oral submissions of the Respondent and its Representative in light of the applicable legal provisions and observed that:</p> <p>(a) with regard to the alleged violation of Regulation 21 (2) of the AML Regulations , in one (01) instance, it was observed during the review period that the highlighted client had performed net trade (sell) of 10.96 Million and deposited funds of Rs.8.25 Million and withdrawn funds of Rs.0.15 Million. In this regard, at the time of Inspection, the Respondent did not justify it with proper evidence and provided that the front page of FBR document namely "Revised Wealth Statement" for the period 01-July-2020 to 30-June-2021 of highlighted client, wherein client total Net Assets are appearing as Rs.8.9 Million. Furthermore, the Respondent provided visiting card and letterhead of its client business _____ mentioning that____ is</p>

	<p>the proprietor of _____ and has annual income of Rs. 1.6 Million. Therefore, the Respondent had not taken proper measures in performing EDD of its client as its trade patterns did not commensurate with the income and funds deposited by the client during the review period. However, during hearing the Representative admitted source of funds i.e. gift deeds as mentioned in the reply of SCN and its email dated October 21, 2022, which is in violation of Regulation 21 (2) of the AML Regulations.</p> <p>(b) with regard to Regulation 11 of the AML Regulations, in response to the SCN, it was informed that the highlighted client was self-owner of its account with the Respondent. The response of the Respondent is justifiable; therefore, the violation of Regulation 11 of the AML Regulations is not Warranted.</p> <p>In view of the above, I am of the considered view that, contravention of Regulation 21(2) of the AML Regulations has been established. Therefore, in terms of the powers conferred under Section 6(A)(2)(h) of the Act, I hereby impose penalty of <b>Rs.30,000/- (Rupees Thirty Thousand Only)</b> on the Respondent. The Respondent is advised to review its AML/CFT policies &amp; procedures to ensure that these caters for full requirements of the AML Regulations.</p>
5. Penalty Imposed	<b>Rs.30,000/-</b>
6. Current Status of Order (As of the uploading date)	Penalty deposited and No Appeal has been filed by the respondent.