

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

In the matter of Show Cause Notice issued to First Capital Investment Limited

Dates of Hearing

February 03, 2022

Order-Redacted Version

Order dated April 20, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of First Capital Investment Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated January 13, 2021.
2. Name of Respondent	First Capital Investment Limited (the Respondent and/ or the Company)
3. Nature of Offence	<u>Alleged contraventions of regulations 3(1) (a)&(b), 4 (a) (b) & (d), 6(2), Note (i) to Annexure-I of 6(4), 6(5a), 6(8), 9(1), 13(7), 14A (1) and 15(1) of SECP (AML/CFT) Regulations, 2018 (AML Regulations), regulations 38 B (ii), (iv), (v), (viii) & (ix) and 38 2(d) of the Non-Banking Finance Companies and Notified Entities Regulations 2008 (NBFC Regulations) read with Section 282J (1) of the Companies Ordinance (the Ordinance), 1984 and Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997 (the SECP Act)</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have considered the written as well as verbal submissions of the Company and the Representatives respectively, and of the view that the justifications provided by the Representatives are not cogent as the AML policy and all the other policies/manuals were updated / rectified by the Company subsequent to highlighting these deficiencies by the inspection team. It clearly establishes that the Respondent was non-compliant with the respective requirements of AML during the inspection period. It is pertinent to mention that the updated AML Policy under the AML Regulations was approved by the Board in October 2021 i.e. much after the promulgation of new AML Regulations of 2020. Moreover, the Respondent failed to provide any comment/explanation on the missing information of shareholders' in the data used for screening, which evidences that</p>

	<p>the database used by the Company for screening purposes lacked the complete information thus it enhanced the potential risk of developing business relationship(s) with proscribed person(s). Furthermore, the Respondent also failed to make risk categorization and maintain the books of accounts and records of its clients/customers properly, and the same was updated/rectified upon highlighting the deficiencies by the Inspection team. Thus, this state of affairs establishes a violation of the mandatory provisions of AML Regulations and NBFC Regulations. Therefore, the Company is liable to be penalized under Section 40A of the SECP Act and Section 282 J (1) of the Ordinance.</p> <p>In exercise of the powers conferred under Section 40A of the SECP Act, I, hereby, impose a fine of Rs. <u>350,000/-</u> (Rupees; <u>Three Hundred and Fifty Thousand Only</u>) on the Respondent on account of the conceded and established defaults of the AML Regulations,</p>
5. Penalty Imposed	Rs. 350,000/-
6. Current Status of Order	Penalty deposited and No Appeal has been filed by the respondents.