

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

**In the matter of Show Cause Notice issued to General Investment & Securities (Pvt.) Limited**

Dates of Hearing

August 11, 2022

**Order-Redacted Version**

Order dated September 21, 2022 was passed by Director/Head of Wing (Licensed Entities-Adjudication-I) in the matter of General Investment & Securities (Pvt.) Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated February 18, 2022.
2. Name of Respondent	General Investment & 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 (the Act) read with rules 4(1) and 6(1) of the AML/CFT Sanction Rules, 2020 (the Rules) and regulation 31 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering And Countering Financing of Terrorism) Regulations, 2020 (the AML Regulations) 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 submission of the Respondents and its Representatives in light of the provisions and state as under:</p> <p>(i) with regard to the alleged violation of clause (o) of Note (i) of Annexure 1 read with regulation 9 of the AML Regulations, the Respondent could not provide pre-inspection evidence i.e. details of employer/business/source of funds of the highlighted clients, which reflects that they are fulfilling the requirements of the aforesaid provision of the AML Regulations. Further, the Representatives during the hearing informed that subsequent to the Inspection, they have obtained the required evidence from the highlighted clients.</p> <p>(ii) with regard to the alleged violation of regulation 27(1)(d) of the AML Regulations, the Respondent failed to provide pre-</p>

	<p>Inspection evidence in relation to have an independent audit function to test the AML/CFT systems, policies and procedures. However, the Respondent provided evidence i.e. Internal Auditor Policy and Quarterly Internal Control Audit Report, which does not fulfil the requirement of law. However, post inspection the Respondent has outsourced its internal audit function. Therefore, the Respondent cannot deny from the violation of the aforesaid regulation of the AML Regulations.</p> <p>In view of the above, it is stated that contravention of clause (o) of Note (i) of Annexure 1 read with regulation 9 and regulation 27(1)(d) of the AML Regulations has been established. Therefore, in terms of powers conferred under 6(A)(2)(h) of the Act, a penalty of <b>Rs.370,000/- (Rupees Three Hundred Seventy Thousand Only)</b> is hereby imposed on the Respondent. The Respondent is advised to examine its AML/ CFT policy &amp; procedures to ensure that the requirements contained in the AML Regulation are met in letter and spirit.</p>
5. Penalty Imposed	370,000
6. Current Status of Order	Penalty not deposited and Appeal has been filed by the respondent.