

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

In the matter of Show Cause Notice issued to Gul Dhami Securities (Pvt.) Limited

Dates of Hearing

June 09, 2021

Order-Redacted Version

Order dated July 30, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Gul Dhami Securities (Pvt.) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated April 06, 2021.
2. Name of Respondent	Gul Dhami Securities (Pvt.) Limited (the Respondent)
3. Nature of Offence	Alleged contraventions of <u>Regulation 13(7), 6(3)(a), 6(3)(c), 13(1), 13(4), 6(10), 9(3), 9(4), 10(1), 10(3), 10(4), 6(4) and 4(d) of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018 (the AML Regulations) read with Section 40A of the Securities and Exchange Commission of Pakistan Act 1997 (the Act).</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have examined the written as well as verbal submissions of the Respondent and its Representatives and I observed that:</p> <p>i. With regard to the alleged violation of regulation 13(7) of the AML Regulations, the Respondent could not furnish pre-inspection evidence to exhibit that the Respondent was fulfilling the requirements contained in the aforesaid regulation of the AML Regulations at the time of Inspection. During the hearing, the Representatives admitted the violation and claimed that subsequent to the Inspection, Respondent has rectified it.</p> <p>ii. With regard to the alleged violation of regulations 6(3)(c), 13(1) and 13(4) of the AML Regulations, the Respondent could not furnish pre-inspection evidence of on-going monitoring of its client in respect of highlighted instance to substantiate compliance of aforesaid regulations of the AML Regulations at the time of Inspection. Furthermore, it was noted that Respondent only had acknowledgement slip of tax return of highlighted client which could not be used to ascertain source of</p>

	<p>income. In response to Letter of Findings (LOF), the Respondent submitted that client is providing requisite documents. The defaults were admitted during the hearing by the Representatives along with the claim that subsequent to the Inspection, Respondent has rectified the identified defaults.</p> <p>iii. In context of violation of regulations 6(3)(a), 6(3)(c), 6(10) and 13(1) of the AML Regulations, in response to the LOF as well as in response to SCN, the Respondent could not provide evidence to substantiate compliance of the aforesaid regulations at the time of inspection. Further, during the hearing, the Representatives admitted the violations and claimed that subsequent to the Inspection, they have rectified it.</p> <p>iv. During the hearing, the Representatives admitted the violations of regulations 9(3), 9(4)(a)(b)(c), 10(1), 10(3) and 10(4) of the AML Regulations and claimed their rectification subsequent to the Inspection.</p> <p>v. The evidence furnished in response to SCN depicts that NADRA's verification of the highlighted instances were performed on June 19, 2020, i.e. subsequent to the Inspection date. Therefore, the Respondent cannot deny violation of regulation 6(4) of the AML Regulations.</p> <p>vi. The contravention of regulation 4(d) of the AML Regulations was admitted during the hearing. The Representatives assured that in future the Respondent will comply all the applicable laws.</p> <p>Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs.200,000/- (Rupees Two Hundred Thousand Only) is hereby imposed on the Respondent. The Respondent is advised to examine its AML/CFT policy & procedures to ensure that the requirements contained in the AML Regulations are met in letter and spirit.</p>
5. Penalty Imposed	Rs. 200,000/-
6. Current Status of Order	Penalty not deposited and Appeal has been filed by the respondents.