

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

**In the matter of Show Cause Notice issued to HH Misbah Securities (Pvt.) Limited**

---

Dates of Hearing

February 17, 2022

---

**Order-Redacted Version**

Order dated March 17, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of HH Misbah Securities (Pvt.) Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated October 27, 2021.
2. Name of Respondent	the HH Misbah Securities (Pvt.) Limited (the Respondent)
3. Nature of Offence	Alleged contraventions of <u>rules 4(1) and 6(1) of the AML/CFT Sanctions Rules, 2020 (the AML Rules) and Annexure I 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 AML Act).</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 Representatives in light of the applicable legal provisions and observed that with regard to the violation of clause (i)(o) of note to Annex I of the AML Regulations, in two instances, it transpired from the "Comments on letter of findings" (attached with the Respondent's email dated February 17, 2022) that:</p> <p>(i) the detail of Client 1 was mentioned among others in the column of "Observations of Inspection Team" that the CDC Sub Account was opened on 19-Jan-2015 and the client has mentioned his occupation as "Student" in the SAOF. Further, the response of the Respondent was mentioned in the column of "Comments of M/S. HH Misbah Securities (Pvt) Limited" that we have updated Occupation of .... Client I as Service. Please refer Annexure D-4. Further, subsequent to the Inspection, the Respondent submitted the evidence relating to</p>

	<p>his service i.e. employment letter dated November 2, 2021 and salary slip in the year 2021 of its highlighted client.</p> <p>(b) As per Client 2 's FBR return for FY 2020, the Client 2 had disclosed a salary income of Rs.360,000/-, however, the Respondent did not provide her salary slip or employment letter etc. as an evidence of her source of earnings /proof of income.</p> <p>In view of the above, it depicts that the Respondent cannot deny violation of the aforesaid clause of note to Annex I of the AML Regulations.</p> <p>Therefore, in terms of powers conferred under 6(A)(2)(h) of the Act, a penalty of Rs.40,000/- (Rupees Forty Thousand Rupees Only) 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 Regulations are met in letter and spirit.</p>
5. Penalty Imposed	Rs. 40,000/-
6. Current Status of Order	Penalty not deposited and Appeal has been filed by the respondents.