

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

In the matter of Show Cause Notice issued to Habib Ullah Sheikh (Private) Limited

Dates of Hearing

February 23, 2022

Order-Redacted Version

Order dated April 06, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Habib Ullah Sheikh (Private) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated December 28, 2021.
2. Name of Respondent	Habib Ullah Sheikh (Pvt.) Limited (the Respondent/ the Company)
3. Nature of Offence	<u>Alleged contraventions of rules 4(1) and 6(1) of the AML/ CFT Sanctions Rules, 2020 (the AML Rules) and regulation 31 of the Securities & Exchange Commission of Pakistan (Anti-Money Laundering and Countering Financing of Terrorism) Regulations, 2020 (the Regulations) read with Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010.</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have considered the facts of the case, the written and oral submissions of the Respondent and material available on record in light of the applicable legal provisions and observed that:</p> <p>i. with regard to the identification of beneficial owners:</p> <p>a. <u>Client No. 1:</u> The Respondent stated that the client's account was opened in 2017. The Respondent also provided that the account was marked as inactive due to incomplete KYC verification and there has been no trading activity in the account since 2017. The Respondent has provided KYC documentation in response to the SCN.</p> <p>b. <u>Client No.2:</u> The Respondent submitted that the account was opened in 2008 and there has been no trading activity in the account</p>

	<p>since 2013. The Respondent also provided that the account was made inactive since 2013. The Responded provided KYC documentation in response to the SCN.</p> <p>c. <u>Client No.3:</u> The Respondent submitted that there has been no trading activity in the account since 2016. Further, the Respondent reportedly provided that they made several efforts to obtain KYC related documentation but to no avail. The Respondent provided that the account has been closed due to non-fulfilment of KYC requirements.</p> <p>Keeping in view the aforesaid submissions of the Respondent, contravention of regulation 9(b), 11, 16 of the AML Regulations and note (i) of Annexure I thereof have been established since at the time of inspection, the KYC documentation of such clients were found to be incomplete.</p> <p>In view of the foregoing I am of the considered view that contraventions of the provisions of regulations 25(1) of AML Regulations have been established. Therefore, in terms of the powers conferred under 6(A)(2)(h) of the Act, penalty of Rs. <u>60,000 /- (Rupees Sixty Thousand Only)</u> 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. 60,000/-
6. Current Status of Order	Penalty not deposited and No Appeal has been filed by the respondents.