

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

In the matter of Show Cause Notice issued to Hamza Fahad Securities (Private) Limited

Dates of Hearing

June 09, 2021

Order-Redacted Version

Order dated August 05, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Hamza Fahad Securities (Private) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated April 08, 2021.
2. Name of Respondent	Hamza Fahad Securities (Pvt.) Limited (the Respondent)
3. Nature of Offence	<u>Alleged contraventions of regulation 15(3), 4(a), 18(c)(iii), 6(3)(a), 6(3)(c), 6(4) and 7(1)(b) 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 oral submissions of the Respondent and its Representatives and observe that:</p> <ol style="list-style-type: none">i. With regard to the violation of regulation 15(3) of the AML Regulations, in response to letter of findings and SCN, the Respondent could not submit any pre-inspection evidence, to exhibits that the Respondent was fulfilling the requirement of the aforesaid regulation. Furthermore, during the hearing, the Representatives admitted the violation and claimed that subsequent to the Inspection, the Respondent has rectified this non-compliance. Therefore, the Respondent cannot deny violation of the aforesaid regulation.ii. In response to the Letter of Findings (LOF), the Respondent submitted that the it has further updated its AML/ CFT policy & procedures as observed by the Inspection Team. During the hearing, the Representatives admitted that subsequent to the Inspection, the Respondent has updated

	<p>its AML policy and prior to that deficiencies existed in the said policy of the Respondent. Therefore, Respondent remained in contravention of regulation 4(a) of AML prior to the Inspection notice date.</p> <ul style="list-style-type: none"> iii. Non-compliance of regulation 18(c)(iii) of the AML Regulations was consequential to the non-compliance of regulation 4(a) of the AML Regulations. iv. In context of the violation of regulation 6(3)(a) of the AML Regulations, the Respondent furnished checklist forms of three highlighted instances. All the three checklists were dated subsequent to the date of Inspection. During the hearing, the Representatives admitted the violation. v. With regard to the alleged violation of regulation 6(3)(c) of the AML Regulations, the Respondent could not provide salary slip of one identified instance (out of eleven instances). During the hearing, the default was admitted by the Representatives and it was claimed that subsequent to the Inspection, the Respondent has rectified it. vi. The violations of regulation 6(4) & 7(1)(b) of the AML Regulations was admitted during the hearing by the Representatives. It was submitted that subsequent to the Inspection, respondent has obtained the requisite information/ documents for rectification of the default. <p>Therefore, in terms of the powers conferred under Section 40A of the Act, a penalty of Rs.150,000 (Rupees One Hundred Fifty Thousand) is hereby imposed on the Respondent. However, in reference to regulation 8 (c) (iii) of the AML Regulations, the Compliance Officer of the Respondent is warned to be careful in future. The Respondent is advised to examine its AML/CFT policies, procedures, and methodologies to ensure that the requirements contained in the AML Regulations are met in letter and spirit.</p>
5. Penalty Imposed	Rs. 150,000/-
6. Current Status of Order	Penalty not deposited and Appeal has been filed by the respondents.