



# Securities and Exchange Commission of Pakistan

Adjudication Division  
Adjudication Department-I

Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Iqbal Usman Kodvavi Securities  
(Private) Limited

Dates of Hearing

March 19, 2021

## Order-Redacted Version

Order dated March 22, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Iqbal Usman Kodvavi Securities (Private) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated February 17, 2021
2. Name of Company	Iqbal Usman Kodvavi Securities (Private) Limited
3. Name of Individual	The proceedings were initiated against the Company i.e. Iqbal Usman Kodvavi Securities (Private) Limited
4. Nature of Offence	In view of alleged violations of Regulations 4(a), 1 8(c)(iii), 6(3)(a), 6(3)(c), 6(8) and 11(2) of AML Regulations, 2018 read with Section 40 A of SECP Act, 1997.
5. 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 Authorized Representatives. In this regard, I observe that:</p> <p>i. With regard to the violation of Regulation 4(a) of the AML Regulations, in response to Letter of Findings, the Respondent vide its letter dated November 16, 2020 submitted that its AML/CFT policies have not yet been finalized and approved. During the hearing, the Authorized Representatives admitted the default and submitted that deficiencies existed in their AML policies at the time of Inspection. It was claimed that subsequent to the Inspection, identified</p>



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deficiencies have been removed.

ii. The default of Regulation 18(c)(iii) was consequential to the default of Regulation 4(a) of the AML Regulations.

iii. In context of the violation of Regulation 6(3)(a), Respondent in response to Letter of Findings, vide its letter dated November 16, 2020 submitted the identified clients have been asked to provide the most recent and relevant information. During the Hearing, the Authorized Representatives claimed that subsequent to Inspection, Respondent has rectified the default of the said Regulation.

iv. In response to Letter of Findings, the Respondent vide its letter dated November 16, 2020 submitted that in seven highlighted instances, the clients have been contacted to provide the most recent and relevant information. During the Hearing, the Authorized Representatives claimed that subsequent to Inspection, Respondent has rectified the default of the Regulation 6(3)(c) of the AML Regulations.

v. During the Hearing, the Authorized Representatives claimed that subsequent to Inspection, Respondent has complied with the requirements of the Regulation 6(8) of AML Regulation, in respect of all three corporate clients where deficiencies were identified by Inspection team.

vi. During the Hearing, the Authorized Representatives claimed that subsequent to Inspection, Respondent has complied with the requirements of the Regulation 11(2) of AML Regulation, in respect of all ten instances where deficiencies were identified by Inspection team.

In view of the foregoing and admission made by the Representatives, contraventions of the provisions of Regulations 4(a), 18(c)(iii), 6(3)(a), 6(3)(c), 6(8) and 11(2) of AML Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs.260,000/- (Rupees Two Hundred Sixty Thousand) is hereby imposed on the Respondent. However, in reference to Regulation 18 (c) (iii) Compliance Officer of Respondent is warned to be careful in future. 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.

Penalty order dated March 22, 2021 was passed by Executive Director (Adjudication-



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	D).
6. Penalty Imposed	A Penalty of Rs. 260,000/- (Rupees Two Hundred Sixty Thousand) was imposed on the respondent company to ensure compliance of law in future.
7. Current Status of Order	Appeal has been filed by the respondent company