

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

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

Dates of Hearing

April 20, 2021

Order-Redacted Version

Order dated April 28, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Ismail Iqbal Securities (Private) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated February 16, 2021.
2. Name of Respondent	Ismail Iqbal Securities (Pvt.) Limited (the Respondent)
3. Nature of Offence	Alleged contraventions of <u>regulation 4(a), 18 (c)(iii), 6(3)(a) &(c), 6(4), 7(1)(b), 6(8), 3(1), 11(2) and 13(7) 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	Key findings were reported in the following manner: I have examined the written as well as oral submissions of the Respondent and its authorized representative and observed that: (i) with regard to the alleged violation of regulation 4(a), 18(c)(iii), 6(3)(a), 6(3)(c) 6(4), 7(1)(b), 6(8), 11(2) and 13(7) of the AML Regulations, during the hearing as well as in written response, the Respondent admitted the identified defaults and submitted that the highlighted deficiencies existed at the time of Inspection were subsequently rectified; and (ii) with regard to the violation of regulation 3(1)(a)(c) and 4(c) of the AML Regulations, the Authorize Representative submitted that in the highlighted instances Respondent performed all requisites obligations like identification of the clients, their respective risk assessment as per the law. In this regard, it may be noted that high-risk jurisdiction is only one of the factors to be considered while performing risk-assessment of the client and may not necessarily translate into a high-risk status for the

	<p>client. Therefore, alleging contravention of Regulation 3(1)(a) & (c) and 4(c) of the AML Regulations on merely assertion of wrong risk categorization, is not tenable.</p> <p>Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs.700,000/- (Rupees Seven Hundred Thousand (only) 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.</p>
5. Penalty Imposed	Rs. 700,000/-
6. Current Status of Order	Penalty deposited