

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

In the matter of Show Cause Notice issued to Jahanzaib Commodities (Private) Limited

Dates of Hearing

June 20, 2022

**Order-Redacted Version**

Order dated June 30, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Jahanzaib Commodities (Private) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated May 10, 2022.
2. Name of Respondent	Jahanzaib Commodities (Private) Limited (the Company and/or the Respondent)
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 8, 9, 19(1), 27(1) &amp; 31 of the Securities &amp; 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 and oral submissions of the Respondent and material available on record in light of the applicable legal provisions and observed that:</p> <ol style="list-style-type: none"><li>i. With regard to observation regarding KYC/CDD of 7 clients, the Respondent provided details of employer/ business and source of funds in respect of certain clients. However, in case of 2 clients, the Respondent failed to provide any evidence with respect to their source of income/ funds. The Respondent submitted that these clients are either inactive or out of country and therefore, the requisite documentation could not be provided. However, the argument of the Respondent in this regard is not tenable since, it could not produce any evidence of call for information from these client's pre-inspection. The Respondent was therefore, found in contravention of regulation 8, 9, 19(1)(a) and note (i) of</li></ol>

	<p>Annexure I of the AML Regulations to the extent of 2 clients only.</p> <p>ii. With regard to the observation regarding absence of independent audit function, the Respondent admitted that they did not have a function audit department at the time of inspection. The Respondent reportedly provided that they were in the process of developing an audit function at the time of inspection which is operational as of date. Therefore, the Respondent has been found in contravention of regulation 27(1)(d) of the AML Regulations.</p> <p>In view of the foregoing and submissions made by the Respondent and its Representatives, contravention of the AML Regulations has contravention of provisions of regulation 8, 9, 19(1) and 27(1)(d) of the AML Regulations have been established against the Respondent. Therefore, in terms of powers conferred under 6(A)(2)(h) of the Act, a penalty of <u>(Rupees Sixty Thousand Only)</u> is hereby imposed on the Respondent. The Respondent is advised to review its AML/ CFT policy &amp; procedures to ensure that the requirements contained in the AML Regulations are met in letter and spirit in future.</p>
5. Penalty Imposed	Rs. 60,000/-
6. Current Status of Order	Penalty deposited and No Appeal has been filed by the respondents.