



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 Javed Iqbal Securities (Private)
Limited

Dates of Hearing

February 11, 2021

Order-Redacted Version

Order dated February 18, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Javed Iqbal Securities (Private) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated January 13, 2021
2. Name of Company	Javed Iqbal Securities (Private) Limited
3. Name of Individual *	The proceedings were initiated against the Company i.e. Javed Iqbal Securities (Private) Limited
4. Nature of Offence	In view of alleged violations of Regulations 6(3)(a), 6(3)(b), 6(3)(c), 6(5) and 13(3) and 6(4) of AML Regulations, 2018 read with Section 40A of the 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 Regulations 3(1) b), 3(1)(c), 3(2)(c) and 4(c), the Authorize Representatives submitted during the hearing that in highlighted instances Respondent performed all requisites obligations like identification of the clients, their respective risk assessment as per the law. Furthermore, the identified accounts are dormant for last 2 years and have trading activity, therefore, they were not categorized as high clients. In this regard, it may be noted that high-risk jurisdiction is only one of the factor to be considered while performing risk-assessment of the client and may not necessarily translate into a high-risk status for the client. Therefore, alleging contravention of Regulation & (c) and 4(c) of the AML Regulations on</p>



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	<p>merely assertion of wrong risk categorization, is not appropriate.</p> <p>ii. With regard to violations of Regulation 6(8) of the AML Regulations, the authorized representatives submitted during the hearing that in the both identified instances Respondent fulfilled all the requirement of at the time of account opening. Subsequently both customer migrated to other countries, however, Respondent maintained its earlier risk category after due risk assessment. In this regard, it may be noted that non-resident status is only one of the Factor to be considered while performing risk-assessment of the client and may not necessarily translate into a high-risk status for the client. Therefore, alleging contravention of Regulation 6(8) of the AML Regulations on merely assertion of wrong risk categorization, is not correct therefore, no action is warranted on that context.</p> <p>iii. With regard to violation of Regulations 6(3)(a), 6(3)(b), 6(3)(c), 6(5) and 13(3) of the AML Regulations, the Respondent arranged and submitted the online NTN/STRN enquiry and bank statement for the period September 1,2019 to October 8,2020 of the highlighted client, to Inspection team subsequent to the findings. Moreover, source of income of the highlighted client could not be ascertained from the aforesaid documents, therefore, the Respondent was in violation of the said Regulations of the AML Regulations at the time of inspection.</p> <p>iv. With regard to violation of Note (iv) of Annexure- I read with Regulation 6(4) of the AML Regulations, the Respondent could not provide any evidence to substantiate 'that the Respondent had make timely effort to comply with the Note (iv) of Annexure-I read with Regulation 6(4) of the AML Regulations.</p> <p>In view of the foregoing and admission made by the Representatives, contraventions of the provisions of Regulations 6(3)(a), 6(3)(b), 6(3)(c), 6(5) and 13(3) and 6(4) of AML Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs.270,000/- (Rupees Two Hundered Seventy Thousand Only) 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> <p>Penalty order dated February 18, 2021 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A Penalty of Rs. 270,000/ (Rupees Two Hundred and Seventy Thousand Only) 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