

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

In the matter of Show Cause Notice issued to K.H.S Securities (Pvt.) Limited

Dates of Hearing

April 28, 2022

Order-Redacted Version

Order dated May 31, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of K.H.S Securities (Pvt.) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated February 11, 2022.
2. Name of Respondent	K.H.S Securities (Pvt.) Limited (the Respondent)
3. Nature of Offence	<u>Alleged contraventions of rules 4(1) and 6(1) of the AML/CFT Sanctions Rules, 2020 (the Rules) and regulation 25(1)(a), 23(2) & 31 of the Securities and 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 Act).</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have considered the facts of the case and the written as well as oral submissions of the Respondent and its Representatives in light of the applicable legal provisions and observed that:</p> <p>(i) with regard to the alleged violation of regulation 25(1) (a) of the AML Regulations, the Respondent failed to submit evidence regarding its database contain details of the beneficiary owners of its clients account.</p> <p>(ii) with regard to regulation 23(2) of the AML Regulations, while reviewing the provided evidence i.e. KYC/ CDD Checklist of the highlighted clients. it was noted that the Respondent has assigned "Low Risk" rating to highlighted clients in risk categorization report. However, the Respondent has not mentioned the justification/ reason to assign the low risk on KYC/ CDD forms/ risk categorization report.</p> <p>Further, during the hearing, the Representatives admitted the aforesaid violation and informed that subsequent to the</p>

	<p>Inspection, they have rectified it. Therefore, the Respondent cannot deny violation of the aforesaid provision of the AML Regulations.</p> <p>Therefore, in terms of powers conferred under 6(A)(2)(h) of the Act, I hereby impose penalty of Rs. 200,000/- (Rupees Two Hundred Thousand Only) on the Respondent. Further, the Respondent is advised to review its AML/ CFT policy, & procedures to ensure full and timely compliance with all the requirements of the AML Laws in letter and spirit. in future.</p>
5. Penalty Imposed	Rs. 200,000/-
6. Current Status of Order	Penalty not deposited and No Appeal has been filed by the respondent.