

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

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

Dates of Hearing

November 9, 2021

Order-Redacted Version

Order dated May 19, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Khanani Securities (Private) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated January 04, 2022.
2. Name of Respondent	Khanani Securities Private Limited (the Company)
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 31 of the Securities & Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing- of Terrorism) Regulations, 2020 (the 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, the written and oral submissions of the Respondent, and material available on record in light of the applicable legal provisions and observed that:</p> <p>with regard to the CDD of the clients and their risk categorization, the Respondent provided a list of clients who were all marked as low risk. However, it was observed that the CDD process was not followed as deficiencies were observed regarding evidence of source of income/ funds 10 clients as mentioned in the SCN. the Respondent also admitted that record was not maintained on the KYC/CDD forms of the clients. There was no reasonable justification for the risk categorization of the clients. The Respondent was therefore, found in contravention of regulation 8, 9, 19 of the AML Regulations read with note of the Annexure I thereof.</p> <p>Therefore, in terms of the powers conferred under 6(A)(2)(h) of the Act, penalty of Rs. <u>200 000/- (Rupees Two Hundred</u></p>

	<u>Thousand Only</u>) is hereby) imposed on the Respondent. The Respondent is advised review its AML/ CFT policies, procedures & processes to ensure that the requirements contained in the AML Regulations are met in Letter and spirit, in future.
5. Penalty Imposed	Rs. 25,000/-
6. Current Status of Order	Penalty not deposited and No Appeal has been filed by the respondent.