

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

In the matter of Show Cause Notice issued to Margalla Financial (Pvt.) Limited

Dates of Hearing

February 22, 2022

Order-Redacted Version

Order dated April 13, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Margalla Financial (Pvt.) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated December 28, 2021.
2. Name of Respondent	Margalla Financial (Pvt.) Limited (the Respondent and/ or 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 and 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 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 verbal submissions of the Respondent and the material available on record in light of the applicable legal provisions and observed that the Respondent during the hearing admitted that <u>TFQ obligations were not covered separately in its policy</u>. The Respondent also stated that they have limited brokerage business and only do propriety trading through its account. The Respondent's policy was scrutinized by the inspection team and it was observed that TFS obligations as provided under regulation 25(1) of the AML Regulations were not provided in Its AML/ OFT policy.</p> <p>In this regard it is stated that regulations 5(a) and 25(1) of the AML Regulations explicitly require a regulated person to develop policies procedures and controls for screening and monitoring of its clients and beneficial owners, associates of customers to detect any matches or potential matches with the proscribed persons</p>

	<p>stated mentioned in the SROs, notifications issued by MoFA, NACTA and MOI from time to time. <u>Although, the Respondent had the aforesaid policy in place but it was found by the Inspection Team to be deficient. By not having effective policy, the Respondent has contravened the provisions of regulation 5(a) and 25(1) of the AML Regulations.</u></p> <p>Further, the Respondent also stated that the. have appointed E-Clear Services Limited (ESL) as their Professional Clearing Members (PCM) and transferred custody of their accounts to PCM and that this development will further enhance its screening and monitoring capabilities.</p> <p>In this regard, the Respondent was informed that it is the responsibility of the regulated person to comply with the requirements of AML Regulations. Transfer of custody of securities to PCM or any other party does not absolve the Respondent of its liability duty/ obligation to comply with the AML Regulations and therefore, the said argument is not tenable.</p> <p>In view of the foregoing and admission made by the Representatives, contraventions of the provisions of regulations 5(a) and 25(1)(a) of the AML Regulations have been established. Therefore, in terms of the powers conferred under 6(A)(2)(h) of the Act, penalty of Rs. 200,000 (<u>Rupees Two Hundred Thousand Only</u>) is hereby imposed on the Respondent.</p>
5. Penalty Imposed	Rs. 200,000/-
6. Current Status of Order	Penalty not deposited and No Appeal has been filed by the respondents.