



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 M/S. Value Stock and Commodities (Pvt.) Limited under Section 40A of Securities Exchange Commission of Pakistan Act, 1997

Dates of Hearing

March 22, 2021

Order-Redacted Version

Order dated March 26, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of M/S. Value Stock and Commodities (Pvt.) Limited under Section 40A of Securities Exchange Commission of Pakistan Act, 1997. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated February 19, 2021
2. Name of Company	Value Stock and Commodities (Pvt.) Limited
3. Name of Individual*	The proceedings were initiated against the company i.e. Value Stock and Commodities (Pvt.) Limited
4. Nature of Offence	In view of alleged violation of AML Regulations, 2018 under Section 40A of the Securities and Exchange Commission of Pakistan Act 1997 through SCN dated February 19, 2021 and order dated March 26, 2021 was passed.
5. Action Taken	Key findings were reported in the following manner: I have examined the written and oral submissions of the Respondent and its Compliance Officer. In this regard, I observe that: i. With regard to the said observation, the Respondent during the hearing provided that it is an old client account and at the time of account opening her occupation was mentioned housewife. Subsequently, after promulgation of AML Regulations in June, they initiated the process of updating KYC/CDD. However, delay was observed on part of the client who was unwilling to provide such information. Review of documents provided by the Respondent to BCD-SMD shows that the accountholder is a housewife and no evidence was maintained with respect to the source of



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income/ funds of the client. Subsequently, when the observation was shared with the Respondent, additional new information was provided which shows that the client is working as financial advisor with a well reputed organization and withdrawing salary @ 700,000/- p.m. Further, the client also has own Boutique business. The additional documents submitted by the Respondent was analysed by BCD-SMD and it was observed that the NTN inquiry form of client is showing the date of printing as December 12, 2020 and certificate of collection/ deduction of Tax of employer also having printing date of December 22, 202. Therefore, it appeared that the on-going monitoring was conducted and evidences regarding source of her income was collected after receiving Letter of Findings by the Respondent. the income tax return of the client showing printing date of April 03, 2020 whereas, the abovementioned cash transaction was executed on March 31, 2020. Moreover, copy of tax return of the client for the year 2019 showing cash in hand balance of 2.984 million however, she deposited Rs. 5.5 million of cash during the year. The Respondent contended that such cash was directly deposited with the bank with only a copy of receipt received by the Respondent. However, the Respondent had not conducted their due diligence with respect to the client's nature/ source of income. The Respondent was therefore, found non-compliant with Regulation 6(3)(c) and 13(1) of the AML Regulations.

2. In view of the foregoing and admission made by the Representative, contraventions of the provisions of AML Regulations have been established against the Respondent. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 200,000/- (Rupees Two Hundred Thousand Only) hereby imposed on the Respondent. The Respondent is directed to deposit the aforesaid penalty in the account of the Commission being maintained in the designated branches of MCB Bank Limited within 30 days of date this Order and furnish the original deposit challan to this Office.

3. This Order is issued without prejudice to any other action that the Commission may initiate against the Company in accordance with the law on the matter subsequently investigated or otherwise brought to the knowledge of the Commission.

Penalty order dated March 26, 2021 was passed by Executive Director (Adjudication-I).



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6. Penalty Imposed	A Penalty of Rs. 200,000/- (Rupees Two Hundred Thousand Only) was imposed on the respondent.
7. Current Status of Order	Appeal has been filed by the respondent.