

*Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)*

**In the matter of Show Cause Notice issued to Akhuwat Islamic Microfinance**

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Dates of Hearing:	December 27, 2019, January 02, 2020, January 07, 2020, February 13, 2020, March 13, 2020 & March 18, 2020
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**Order - Redacted Version**

Order dated April 21, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Akhuwat Islamic Microfinance (AIM). Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show Cause Notice dated December 2, 2019
2. Name of Company	Akhuwat Islamic Microfinance
3. Name of Individual*	The proceedings were initiated against the Company and its Board of Directors
4. Nature of Offence	Proceedings initiated under Section 282J(1) read with Section 282M(1) of the Companies Ordinance, 1984 and section 40A of the SECP Act, 1997 for violations of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering the Finance of Terrorism Regulations 2018 ( <b>the Regulations</b> )).
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>AIM prior to inspection and the proceedings at hand did not comprehend the gravity of issues being addressed by the AML/CFT regime. Their approach towards screening of their customers focused more on the business risk. The laxity shown by the Respondent has exposed it to breach of mandatory provision and which is liable to penalty. However, it was observed that the Respondent has been very responsive and forthcoming in efforts to rectify the deficiencies observed in the inspection, after the same were brought to its' notice.</p> <p>Non-compliance of AML and CFT Regulation 6(4), Regulation 6(5a) read with Regulation 6(3)(a) and Regulation 13(7), and Regulation 6(8) is established. However, non-compliances are mitigated to some extent by the remedial actions taken by the respondent.</p>

	The BOD was directed to undertake a comprehensive review of the AML/CFT policies and procedure to align the same the regulatory requirements within 3 months of the date of this order.
6. Penalty Imposed	A penalty of Rs. 2,500,000/- (Rupees two million and fifty hundred thousand only) was imposed on the Company.
7. Current Status of Order	An Appeal has been filed by the Company against the Order before the Appellate Bench