

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

**In the matter of Show Cause Notice issued to Progressive Investment Management Private Limited**

Date of Hearing	November 19, 2020
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**Order-Redacted Version**

Order dated December 28, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Progressive Investment Management Private Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
<ul style="list-style-type: none"><li>• Date of Action</li></ul>	Show Cause notice dated June 02, 2020.
<ul style="list-style-type: none"><li>• Name of Company</li></ul>	Progressive Investment Management Private Limited.
<ul style="list-style-type: none"><li>• Name of Individual</li></ul>	The proceedings were initiated against the Company i.e. Progressive Investment Management Private Limited.
<ul style="list-style-type: none"><li>• Nature of Offence</li></ul>	Proceedings under Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997.
<ul style="list-style-type: none"><li>• Action Taken</li></ul>	<p>Key findings of default of Regulations were reported in the following manner:</p> <p>I have carefully examined the facts of the case in light of the applicable provisions of the law and have given due consideration to the written as well as verbal submissions and arguments of the Respondents. I am of the considered view that the Respondents did not ensure their compliance with the mandatory provisions of the Regulations in the following instances:</p> <ol style="list-style-type: none"><li>I have noted that in its reply to show cause notice, the Respondent has not contended the observation related to non-provision of evidence of source of funds or source of income of its clients. In the reply to the show cause notice, the Respondent had stated that measures have been taken to remove the existing discrepancies as highlighted by the inspection team. As a consequence, KYC/CDD of all the clients has been completed and documents relating to the proof of employment/source of income of the respective clients have been obtained, which implies that the requisite documents were not available for the review at the time of inspection. The Respondent had further stated that notices had been issued to all the clients identified in the nine instances for the provision of evidence of additional sources of funds. Under the circumstances, contravention of Regulation 6(3) (a) of the AML Regulations for failure to provide any documentary evidence with respect to source of funds, has been established.</li><li>I have also taken into account that the Respondent has stated that the risk rating of clients belonging to the porous border provinces has been changed while, risk assessment of all the existing customers is now being performed biannually, and transactions are now being monitored on a daily basis to understand any risks associated with the customer, its business and the source of funds.</li></ol>

	<p>iii. The Respondent has not denied that it had not adopted NADRA Verisys system of C.NIC verification. The non-compliance is attributed to the limitation of the NADRA verification portal which allows only 10 verifications per user account. I have, however noted that the Respondent had also formally applied to the NADRA for the provision of Verisys Services and as soon as NADRA installs its services, the Respondent will validate all the identity documents of the clients. Therefore, the contravention of Regulation 6(4) of the AML Regulations read with Annexure I which clearly stipulates that the photocopies of identity documents shall be validated through NADRA Verisys, has been established.</p> <p>iv. In view of the foregoing facts, I am of the considered view that multiple violations of the provisions of the AML Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of <b>Rs. 260,000/- (Rupees Two Hundred Sixty Thousand only)</b> is hereby imposed on the Respondent Company. The Respondent is advised to examine its AML/CFT policy &amp; procedures to ensure that the requirements contained in the AML Regulations are met in letter and spirit. I, also, hereby, direct the Respondent to report within 60 days of the date of this Order, provide documentary evidence that:</p> <ul style="list-style-type: none"> <li>a. Completion of documentation as prescribed under Regulation 6(3)(a) of the AML Regulations and</li> <li>b. NADRA Verisys /biometric verification, as prescribed, has been initiated.</li> </ul> <p>Penalty Order dated December 28, 2020 was passed by Executive Director (Adjudication-I).</p>
<ul style="list-style-type: none"> <li>• Penalty Imposed</li> </ul>	Penalty of 260,000/- ( <b>Rupees Two Hundred Sixty Thousand only</b> ) was imposed.
<ul style="list-style-type: none"> <li>• Current Status of Order</li> </ul>	No appeal has been filed against this Order.

Redacted version issued for placement on the website of the Commission.