

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

In the matter of Show Cause Notice issued to M/s. Fair Edge Securities (Pvt.) Limited

Date of Hearing

June 02, 2020

Order-Redacted Version

Order dated June 09, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Fair Edge Securities (Pvt.) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated April 27, 2020
2. Name of Company	Fair Edge Securities (Pvt.) Limited.
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. Fair Edge Securities (Pvt.) Limited.
4. Nature of Offence	Proceedings under Section 40A of SECP Act, 1997 for the violations of Regulation 4(a), 4(d) and 18 c(iii) of the AML and CFT Regulations, 2018 and Regulation 16(9)(e) & 16(9)(f) of Licensing Regulations.
5. Action Taken	<p>Key findings of default of Regulations were reported in the following manner:</p> <p>I have examined the written as well as oral submissions of the Respondent and its Authorized Representatives. In this regard, I observe that:</p> <ol style="list-style-type: none">i. Respondent vide its letter dated July 17, 2019 submitted updated AML/CFT policy (approved by its board of directors on July 16, 2019) to Review team. The violation of Regulation 4(a) of the AML Regulations is evident as the Authorized Representatives of the Respondent in hearing also admitted that the deficiencies in its AML/CFT policies were removed only after identification in Review.ii. The default of Regulation 18 c(iii) cannot be denied in view of facts mentioned above. Further Authorized Representatives of the Respondent also acknowledged the said violation during the hearing.iii. The Authorized Representatives submitted that in order to comply with the Regulations the Respondent has employed an internal auditor



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	<p>on May 4, 2020 for independent audit function. The Authorized Representatives also submitted the appointment letter dated May 4, 2020 issued to Muhammad Moin for the position of Internal Audit Officer. Authorized Representatives also admitted in the hearing that prior to that Respondent did not have an internal auditor and the related function was carried out by its Compliance Officer. Therefore, the Respondent has contravened Regulation 4(d) of AML Regulations and Regulation 16(9)(e) & 16(9)(f) of Licensing Regulations.</p> <p>In view of the foregoing and admission made by the Representatives, contraventions of the provisions of AML Regulations and Licensing Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 300,000/- (Rupees three hundred thousand) is hereby imposed on the Respondent on contravention of AML Regulations. Furthermore, in terms of powers conferred under section 150 of the Securities Act 2015, a penalty of Rs. 100,000/- (Rupees one hundred thousand) is hereby imposed on the Respondent on contravention of Licensing Regulations made under Securities Act, 2015. The Respondent is advised to examine its AML/CFT policy & procedures to ensure that the requirements contained in the AML Regulations are met in letter and spirit.</p> <p>Penalty order dated June 09, 2020 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A penalty of Rs. 300,000/- (Rupees three hundred thousand only) under section 40A of the Act and a penalty of Rs. 100,000/- (Rupees one hundred thousand) under section 150 of the Securities Act 2015 was imposed on the Company.
7. Current Status of Order	An appeal has been filed against this Order.

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