

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

**In the matter of Show Cause Notice issued to M/s. General Investment & Securities (Pvt.) Limited**

---

Date of Hearing

Hearing opportunity was waived by the Broker.

---

**Order-Redacted Version**

Order dated July 15, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of General Investment & Securities (Pvt.) Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated June 04, 2020
2. Name of Company	General Investment & Securities (Pvt.) Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. General Investment & Securities (Pvt.) Limited.
4. Nature of Offence	Proceedings under Section 40A of SECP Act, 1997 for the violations of Regulation 6(3)(c), 13(1) and Regulation 6(4) read with Annexure I (note i) of the AML and CFT Regulations, 2018.
5. Action Taken	<p>Key findings of default of Regulations were reported in the following manner:</p> <p>I have examined the submissions of the Respondent. In this regard, I observe that:</p> <ul style="list-style-type: none"><li>i. With regard to the observation regarding the on-going monitoring of its clients, the Respondent had submitted that that they have applied a risk-based rating sheet since July, 2020 and have initiated a periodic review of high volume transactions to commensurate with the level of income of the customers. It may be noted here that the AML Regulations were promulgated in June, 2018 wherein the Respondent was required to adopt necessary policies and procedures in line with the requirements of the AML Regulations and implement a comprehensive on-going monitoring mechanism for its clients to</li></ul>



**Securities and Exchange Commission of Pakistan**  
**Adjudication Division**  
**Adjudication Department-I**

	<p>regularly review their account activity and identify any material departure from usual and expected activity through regularly matching with information available with the Respondent. Such procedural lapse on part of the Respondent after a lag of almost 2 years shows negligence and laxity to comply with the AML enforcement regime. During the inspection it was observed that the Respondent had not obtained the requisite sources of funds/ income and failed to conduct on-going monitoring of clients based on their level of income/ sources of funds wherein such instances were revealed. The Respondent had failed to provide reasonable grounds for contention. Therefore, in my view the Respondent acted in contravention of Regulation 6(3)(c) &amp; 13(1) of the AML Regulations.</p> <p>ii. With regard to the NADRA Verisys of its clients, the Respondent had submitted that they have installed the Verisys system in the house with effect from July 02, 2020 and will subsequently perform Verisys of all new accounts and legacy accounts accordingly. However, the Respondent had failed to provide Verisys of its clients during the inspection which revealed that the Respondent was in contravention of Regulation 6(4) of the AML Regulations read with Annexure I(Note i) of the AML Regulations.</p> <p>In view of the foregoing and admission made by the Representatives, contraventions of the provisions of AML Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 200,000/- (Rupees Two hundred thousand only) is hereby imposed on the Respondent.</p> <p>Penalty order dated July 15, 2020 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A penalty of Rs. 200,000/- (Rupees two hundred thousand only) was imposed on the Company.
7. Current Status of Order	An appeal has been filed against this Order.

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