

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

In the matter of Show Cause Notice issued to M/s. Muhammad Salim Kasmani Securities (Pvt.) Limited

Date of Hearing

August 24, 2020

Order-Redacted Version

Order dated August 28, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Muhammad Salim Kasmani Securities (Pvt.) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated May 12, 2020
2. Name of Company	Muhammad Salim Kasmani Securities (Pvt.) Limited
3. Name of Individual*	The proceedings were initiated against the Company i.e. Muhammad Salim Kasmani Securities (Pvt.) Limited and its Compliance Officer.
4. Nature of Offence	Proceedings under Section 40A of SECP Act, 1997 for the violations of Regulation 4(a), 18 c(iii), 4(d) of AML Regulations and Regulations 29(5), 16(9)(e) and 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 Compliance Officer and Authorized Representatives. In this regard, I observe that:</p> <ol style="list-style-type: none">i. Respondent vide its letter dated July 11, 2019 in response to Commission's letter dated July 9, 2019 submitted that it has revised its AML/CFT policy to address the short comings pointed out by the Commission and the same has also been approved by the BOD of the Respondent. The above referred response of Respondent shows that policy was amended/updated subsequent to deficiencies highlighted by the Commission's team review. During the hearing, the Authorized Representatives admitted the same. Therefore, violation of Regulation 4(a) of the AML Regulations on part of Respondent cannot be denied.



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	<p>ii. The defaults of Regulation 18 c(iii) were consequential to the default of Regulation 4(a) of the AML Regulations. Authorized Representatives also acknowledged the said contravention during the hearing and said that due to lack of time Respondent could not devise the comprehensive AML/CFT policy in accordance with the AML Regulations but subsequent to the Review, Respondent has removed all the deficiencies in its AML/CFT policy.</p> <p>iii. The Respondent did not provide any post-review evidence, to substantiate that it was complying with the provisions of Regulations 29(5), 16(9)(e) & 16(9)(f) of the Licensing Regulations and Regulations 4(d) of the AML Regulations. During the hearing, Authorized Representatives admitted violation of the said Regulations and claimed that default has been rectified subsequent to the Review.</p> <p>In view of the foregoing and admission made by the Representatives, contraventions of the provisions of Regulations 4(a), 18 c (iii), 4(d) of AML Regulations and Regulations 29(5), 16(9)(e) and 16(9)(f) of Licensing Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 400,000/- (Rupees Four Hundred Thousand only) is hereby imposed on the Muhammad Salim Kasmani Securities (Pvt.) Limited on contravention of AML Regulations. Furthermore, in terms of powers conferred under section 150 of the Securities Act 2015, a penalty of Rs. 50,000/ (Rupees Fifty Thousand Only) is hereby imposed on the Muhammad Salim Kasmani Securities (Pvt.) Limited on contravention of Licensing Regulations made under Securities Act, 2015. However in reference to Regulation 18 c (iii) Compliance officer is warned to be careful in future. The Muhammad Salim Kasmani Securities (Pvt.) Ltd. 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 August 28, 2020 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A penalty of Rs. 400,000/- (Rupees four hundred thousand only) under section 40A of the Act and a penalty of Rs. 50,000/ (Rupees Fifty Thousand Only) 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.

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