

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Saima Qaiser Securities (Private) Limited

Dates of Hearing

February 21, 2022

Order-Redacted Version

Order dated May 19, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Saima Qaiser Securities (Private) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated December 28, 2021.
2. Name of Respondent	Saima Qaiser Securities Limited (the Company and/ or the Respondent)
3. Nature of Offence	<u>Alleged contraventions of Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010 read with rules 4(1) and 6(1) of the AML/ CFT Sanctions Rules 2020 he AML Rules) and regulation 25(1), 27(2)(c), 23(2), 11, 16 and 31 of the Securities & Exchange Commission of Pakistan (Anti-Money Laundering and Countering Financing of Terrorism) Regulations 2020 the AML Regulations) read with Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010.</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have reviewed the facts of the case and considered the oral submission of the Respondent and material available on record in light of the applicable legal provisions and observed that with regard to:</p> <p>(i) the screening of its clients from UNSC and NACTA lists, the Respondent, during the hearing proceedings, admitted the non-compliance committed on its part and stated that the Respondent did not practice periodic screening of its clients from the list of proscribed persons on UNSC and NACTA lists. This shows that the Respondent has contravened regulation 25(1) of the AML Regulations;</p> <p>(ii) the AML/ CFT training, the Respondent, during the hearing proceedings, admitted that it did not arrange any training session for its employees regarding AML/ CFT compliance,</p>

	<p>procedures and controls. This shows that the Respondent has contravened regulation 27(1)(c) of the AML Regulations;</p> <p>(iii) the deficiencies in its AML/ CFT policies, the Respondent, during the hearing proceedings, submitted that its AML CFT policies were in place but were not regularly monitored or updated as per the requirements of the AML Regulations. During the inspection, several deficiencies were highlighted as mentioned in the SCN. This shows that the Respondent, has contravened regulation 27(2)(c) of the AML Regulations;</p> <p>(iv) not maintaining justification for low risk categorization of its clients, the Respondent, during the hearing proceedings, stated that it was in the process of updating clients' profile and therefore, deficiencies existed with regard to the low-risk client's justifications. This shows that the Respondent has contravened regulation 23(2) of the AML Regulations; and</p> <p>(v) the source of income/ funds of four (4) clients and identification of beneficial ownership in one (1) case, the Respondent, during the hearing proceedings, admitted that it did not have complete profile on each client. During the inspection, it was observed that the Respondent only produced tax profile inquiry reports as source of income however, it is not sufficient evidence to verify the source clients' funds. Further, the Respondent did not obtain requisite documentation with regard to the beneficial owners one (1) client and to ascertain their source of income. This shows that the Respondent has contravened regulations 11, 16 of the AML Regulations read with note (i) of Annexure I thereof.</p> <p>Therefore, in terms of the powers conferred under 6(A)(2)(h) of the Act, penalty of Rs. <u>900 000/-</u> (Rupees Nine Hundred Thousand) is hereby imposed on the Respondent. The Respondent is advised to review its AML/ CFT policies, procedures and processes to ensure that the requirements contained in the AML Regulations are met in letter and spirit, in future.</p>
5. Penalty Imposed	Rs. 900,000/-
6. Current Status of Order	Penalty not deposited and No Appeal has been filed by the respondent.