

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

In the matter of Show Cause Notice issued to Tariq Vohra Securities (Private) Limited

Dates of Hearing

April 22, 2021

Order-Redacted Version

Order dated May 03, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Tariq Vohra Securities (Pvt.) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated February 15, 2021.
2. Name of Respondent	Tariq Vohra Securities (Pvt) (the Respondent)
3. Nature of Offence	Alleged contraventions of <u>regulation 6(3)(a), 6(5), 6(3)(c) and 6(7)(b) of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018 (the AML Regulations) read with Section 40A of the Securities and Exchange Commission of Pakistan Act 1997 (the Act).</u>
4. Action Taken	Key findings were reported in the following manner: I have examined the written and oral submissions of the Respondent and observe that: i. With regard to the KYC/CDD of its clients and their authorized persons, the Respondent during the hearing submitted that all documents pertaining to the source of funds/ income of the clients and KYC of authorized persons were provided to the inspection team, however, as all correspondence was done through email, therefore, some documents were missed due to large file size. Instance wise details are provided as under: a. In the first instance, the Respondent has provided evidence of previous employment of the client and also provided certificate of collection or deduction of income tax dated 30.07.13; 23.07.18; and 09. 07.19. It was observed that the documents were available previously with the Respondent. Therefore, no contravention may be established in the matter. b. In second instance, the Respondent has provided evidence of the source of income/ funds of the client. However, it

	<p>was observed that documentation with respect to KYC of the authorized person of the client was not available during the inspection</p> <p>c. In third instance, the Respondent only provided copy of the front page of the client's income tax return during the inspection which could not ascertain the level of income of the client. It was observed that documentation with respect to KYC of authorized person of the client was not available during the inspection.</p> <p>d. In fourth instance, the Respondent did not provide evidence of source of income of the client. The Respondent only provided online NTN/SIRN inquiry and the front page of income tax return which could not substantiate the source of income.</p> <p>Keeping in view the above, the Respondent was found in contravention of regulation 6(3)(a), 6(3)(c) and 6(7)(b) of the AML Regulations.</p> <p>ii. With regard to the written justification of its low risk clients, the Respondent could not provide any documentation during the inspection. In this regard, regulation 11 (2) of the AML regulations clearly stipulate that where a customer is categorized as low risk, a written justification shall be maintained. By not doing so, the Respondent has contravened regulation 11 (2) of the AML Regulations.</p>
5. Penalty Imposed	Rs. 100,000 (Rupees One Hundred Thousand Only)
6. Current Status of Order	Penalty Deposited and No Appeal has been filed by the respondents.