



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 52 of 2022

Amanah Investment Limited

versus

Appellant

Director – Adjudication-I

Respondent

Date of hearing:

May 07, 2026

Present:

For the Appellant:

1. Mr. Muhammad Sohaib (Authorized Representative)
2. Ms. Maryam Abid
3. Ms. Arooj Shahbaz

For the Respondent:

1. Mr. Sohail Qadri, Director/HOD, Adjudication Department-I, SECP
2. Mr. Hammad Ahmed, Assistant Director, Adjudication Department-I, SECP

ORDER

1. This Order disposes of Appeal No. 52 of 2022 filed by Amanah Investments Limited (the “Appellant”) against the Order dated May 31, 2022 (the “Impugned Order”) passed by the Director/HOD, Adjudication Department-I, Securities and Exchange Commission of Pakistan



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(the “Respondent”) under Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010 (the “AML Act”) read with Rules 4(1) and 6(1) of the AML/CFT Sanctions Rules, 2020 and Regulation 31 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 (the “AML/CFT Regulations”).

2. The brief facts of the case are that the Appellant is a Trading Rights Entitlement Certificate holder of the Pakistan Stock Exchange Limited and is licensed as a securities broker by the Securities and Exchange Commission of Pakistan. An inspection (the “Inspection”) of the Appellant was conducted by the Joint Inspection Team vide Inspection notice dated July 28, 2021 for the period from April 1, 2021 to June 30, 2021 (the “Review Period”) in order to ascertain compliance with the AML/CFT regulatory framework. During Inspection, certain alleged deficiencies were identified including failure to update the Appellant’s AML/CFT policies with respect to beneficial ownership and enhanced due diligence requirements under Regulations 11 and 21 of the AML/CFT Regulations, alleged deficiencies attributable to the Compliance Officer under Regulation 27(2)(c)(i) and (ii), and deficiencies relating to maintenance of Know your Customer (KYC)/Customer Due Diligence (CDD) documentation and proof of income of certain clients under Regulation 9(b) read with Annex-I of the AML/CFT Regulations. Consequently, a Show Cause Notice dated November 4, 2021 (the “SCN”) was issued to the Appellant. After considering the Appellant’s written reply and hearing its representatives, the Respondent through the Impugned Order imposed a penalty of Rs.120,000/- upon the Appellant and warned the Compliance Officer to remain careful in future.
3. The Appellant challenged the Impugned Order primarily on the grounds that the Respondent failed to properly appreciate the material and explanations furnished during Inspection proceedings and in the response to the SCN. The Appellant contended that the alleged deficiencies relating to beneficial ownership and enhanced due diligence requirements were already incorporated within its AML/CFT policies and procedures and had been duly shared with the Joint Inspection Team during Inspection.
4. The Appellant submitted that its procedures relating to identification and verification of beneficial ownership were already part of its AML/CFT framework and that the Joint



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Inspection Team had acknowledged the same during the Inspection process. It was further contended that the Appellant's AML/CFT policy adequately covered enhanced monitoring obligations contemplated under Regulation 21 of the AML/CFT Regulations and that the Respondent failed to properly appreciate the relevant clauses of the policy document. According to the Appellant, the phrase "the same is updated" used in its response to the SCN merely reflected that the relevant provisions already existed in the policy framework and did not constitute an admission of non-compliance.

5. With regard to the alleged violation relating to customer identification and proof of income documentation, the Appellant submitted that the relevant KYC/CDD documentation relating to the joint account holder had already been provided to the Joint Inspection Team during Inspection proceedings. The Appellant further submitted that the concerned customers had been categorized as low-risk customers and that under the applicable AML/CFT Guidelines, low-risk customers were only required to provide information regarding source of income and not necessarily documentary evidence thereof. The Appellant maintained that, notwithstanding the above, relevant information and supporting material had nevertheless been provided to the Inspection team.
6. The Appellant further contended that the Impugned Order was passed without proper consideration of its submissions and supporting documents and therefore failed to satisfy the requirements of fair play and proper adjudication. It was accordingly prayed that the Impugned Order and the penalty imposed thereunder be set aside.
7. The Respondent, on the other hand, supported the Impugned Order and submitted that the same had been passed after due consideration of the material available on record, the applicable regulatory framework, and the submissions advanced by the Appellant during adjudication proceedings.
8. The Respondent contended that upon review of the AML/CFT policies and procedures provided by the Appellant during Inspection, the specific requirements relating to beneficial ownership under Regulation 11 and enhanced due diligence under Regulation 21(2)(f) were not properly incorporated in the manner required under the AML/CFT Regulations. It was



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further submitted that the Appellant itself admitted during proceedings that the same had subsequently been updated, which supported the Inspection findings.

9. The Respondent further submitted that the Compliance Officer was responsible under Regulation 27(2)(c)(i) and (ii) for ensuring that the AML/CFT policies and procedures remained updated and effectively implemented. Since the deficiencies identified during Inspection remained present at the relevant time, the Respondent contended that the findings recorded in the Impugned Order were justified.
10. With respect to the deficiencies relating to KYC/CDD documentation and proof of income, the Respondent maintained that the Inspection findings correctly identified deficiencies in the relevant records maintained by the Appellant during the Review Period and that the explanations subsequently furnished by the Appellant did not sufficiently negate the compliance concerns identified during Inspection.
11. The Bench has heard the learned representatives of the parties, examined the material available on record, perused the Impugned Order, the Inspection findings, the memorandum of appeal and the para-wise comments filed by the Respondent. The principal issue requiring determination is whether the findings of non-compliance recorded in the Impugned Order warrant interference and whether the penalty imposed is proportionate in the facts and circumstances of the case.
12. At the outset, the Bench observes that the AML/CFT framework places an affirmative obligation upon regulated entities to maintain adequate policies, procedures, controls, and supporting documentation capable of demonstrating compliance with the applicable regulatory requirements. Such compliance obligations are not merely procedural formalities but constitute an essential component of the preventive regulatory framework intended to mitigate money laundering and terrorist financing risks.
13. The Bench has considered the Appellant's contention that the relevant requirements relating to beneficial ownership and enhanced due diligence already formed part of its AML/CFT policy framework. However, upon perusal of the material available on record and the findings recorded in the Impugned Order, the Bench notes that the Respondent identified deficiencies



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in incorporation and documentation of the relevant requirements during the Inspection process. The fact that the Appellant subsequently clarified, supplemented, or updated the relevant aspects of its policy framework does not by itself negate the findings recorded with respect to the position existing during the relevant Inspection period.

14. Similarly, with respect to the obligations relating to customer identification and supporting documentation, the Bench observes that the regulatory framework requires regulated entities to maintain proper and demonstrable records in support of their compliance obligations. While the Appellant has contended that the relevant documents and information were subsequently furnished and that the concerned customers were categorized as low-risk customers, the Bench is of the view that the Respondent was entitled to assess compliance on the basis of the material and documentation available during Inspection proceedings.
15. The Bench has also considered the Appellant's contention that the Impugned Order was passed without due consideration of its submissions. Upon perusal of the Impugned Order, the Bench finds that the Respondent has discussed the explanations furnished by the Appellant and recorded reasons for not accepting the same. The findings recorded in the Impugned Order are sufficiently discernible from the order read with the material available on record and cannot be termed entirely unsupported or arbitrary.
16. At the same time, the Bench notes that the deficiencies identified in the present matter primarily relate to regulatory compliance, documentation, and policy framework requirements. The findings recorded in the impugned order are confined to such compliance lapses and do not extend to any determination of intentional misconduct beyond the scope of the regulatory violations assessed therein. The Bench further notes that certain corrective measures were undertaken and additional clarifications and documents were furnished during the course of the proceedings.
17. In determining proportionality of sanction, the Bench is guided by the principle that regulatory penalties must remain commensurate with the nature and gravity of the established violations while also taking into account the mitigating circumstances of each case. Considering the overall facts and circumstances, including the nature of the deficiencies identified and the subsequent corrective measures undertaken by the Appellant, the Bench is





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of the view that no interference is warranted with respect to the findings of non-compliance recorded in the Impugned Order. However, the penalty imposed warrants partial modification.

18. Accordingly, while maintaining the findings recorded in the Impugned Order, the penalty of Rs.120,000/- imposed upon the Appellant is reduced to Rs.60,000/-. The warning issued to the Compliance Officer shall remain intact. The Appeal is disposed of with no order as to costs.
19. Any person or party aggrieved by this Order may, within sixty (60) days from the date hereof, prefer an appeal under Section 34 of the Securities and Exchange Commission of Pakistan Act, 1997 before the competent forum, strictly in accordance with law.

Zeeshan Rehman Khattak
(Commissioner)

Muzaffar Ahmed Mirza
(Commissioner)

Announced on: **04 JUN 2026**