



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 85 of 2020

Fikree's (Pvt.) Limited

...Appellant

versus

Executive Director, Adjudication Department-I, SECP.

...Respondent

Date of hearing:

5th March, 2026

Present:

For the Appellant:

Mr. Tewfiq Fikree, Chief Executive Officer (Authorized Representative)

For the Respondent:

1. Mr. Sohail Qadri, Director, (Adjudication-I, SECP)
2. Mr. Muhammad Faisal, Deputy Director, (Adjudication-I, SECP)
3. Mr. Hammad Ahmed, Assistant Director, (Adjudication-I, SECP)

ORDER

1. This Order shall dispose of Appeal No. 85 of 2020 filed by Fikree's (Pvt.) Limited (the "Appellant") under Section 33 of the Securities and Exchange Commission of Pakistan Act, 1997 (the "SECP Act") against the Order dated July 22, 2020 (the "Impugned Order") passed by the Executive Director, Adjudication-I (the "Respondent") under Section 40A of the SECP Act.
2. The brief facts of the case are that the Appellant is a Trading Rights Entitlement Certificate ("TREC") holder of the Pakistan Stock Exchange Limited (the "PSX") and a licensed securities broker by the Securities and Exchange Commission of Pakistan (the

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“Commission”). A thematic review (“Review”) of the Appellant was initiated to review and assess compliance with the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Counter Financing of Terrorism Regulations) 2018 (the “AML & CFT Regulations”). The Review revealed various non-compliances which included contravention of Regulations 4(a), 4(d), 18, 18(ii), and 18(iii) of the AML & CFT Regulations, and Regulations 16(9)(e), 16(9)(f), and 29(5) of the Securities Brokers (Operations & Licensing) Regulations, 2016 (the “Licensing Regulations”).

3. In light of the aforementioned, a Show-Cause Notice dated April 27, 2020 (the “SCN”) was issued to the Appellant and its Compliance Officer. A reply to the SCN was submitted by the Appellant on June 9, 2020. Accordingly, the Appellant was accorded an opportunity of personal hearing on July 15, 2020. Subsequently, the Respondent not being satisfied with the response and stance of the Appellant imposed an aggregate penalty of Rs. 500,000/- (Rupees Five Hundred Thousand Only), i.e., Rs. 450,000/- (Rupees Four Hundred and Fifty Thousand Only) under the AML & CFT Regulations and Rs. 50,000 (Rupees Fifty Thousand) under the Licensing Regulations. Further, in reference to Regulation 18(c)(ii) and 18(c)(iii) of the AML & CFT Regulations, the Compliance officer was warned to be careful in future. Moreover, the Appellant was advised to examine its AML & CFT policy and procedures to ensure that the requirements contained in the AML & CFT Regulations are met in letter and spirit.
4. The Appellant has preferred this Appeal, *inter alia*, on several grounds, including the assertion that the Impugned Order was passed without proper appreciation of the facts and law. The Authorized Representative for the Appellant, in the submissions, pleaded for leniency by the Commission since the Appellant had either rectified, or was in the process of rectification of the alleged non-compliances. One of the main contentions of the Appellant was that that the Impugned Order is in breach of the principles of natural justice, as no in-person Review was ever conducted. Further, the Authorized Representative contended the admission that the Anti Money Laundering and Countering Financing of Terrorism policy (the “AML & CFT policy”) had been amended subsequent to the Review. It was submitted that the AML & CFT policy was never deficient and covered all the required aspects. Furthermore, the Authorized Representative contended alleged violations of Regulations 18(c)(ii), 18(c)(iii), and 4(a) of the AML & CFT Regulations and submitted

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that the duly revised AML & CFT policy had been shared with the Commission as required by the AML Regulations, and no deficiency was highlighted as such.

5. With regard to the alleged violations of Regulations 18 and 4(d) of the AML & CFT Regulations and Regulations 29(5), 16(9)(e), and 16(9)(f) of the Licensing Regulations, it was submitted that the Internal Audit and Compliance function was in place, and as evidence, reports made by the respective officers were also furnished before the Respondent. The Authorized Representative further asserted that the allegations of violation of AML & CFT Regulations and Licensing Regulations were misconceived since adequate policies and compliance mechanisms were in place. The Authorized Representative concluded his submissions and stated that the brokerage operates on a limited scale, with most transactions pertaining to proprietary trading and that it maintains a restricted client base consisting of individuals who are either family members or friends. He stated that, on the basis of the aforesaid, the penalty imposed was excessive. The Appellant prayed that the Impugned Order be set aside.
6. In response to the above-mentioned submissions, the Respondent, *inter alia*, denied the allegations raised by the Appellant and submitted that the Impugned Order was passed after due consideration of the Appellant's written and oral submissions, along with the available documentary evidence. The Respondent refuted the analogy drawn by the Authorized Representative with cases where the Commission took a lenient view, and submitted that the said cases differ on the basis of facts, hence, cannot be treated as a precedent. . The Respondent further maintained that a limited scope thematic review had, in fact, been conducted, and that the Appellant had responded to the review team's letter of findings vide letter dated February 7, 2020 and acknowledged the same during the hearing. Further, the Respondent highlighted that the Appellant itself admitted revising its AML & CFT policy after enforcement of the National Risk Assessment 2019, which was indicative of the existence of deficiencies, hence, subsequent compliance does not exonerate the Appellant from the violations.
7. The Respondent stated that the violation of Regulations 18(c)(ii) and 18(c)(iii) were consequential to the violation of Regulation 4(a) of the AML & CFT Regulations, and submitted that the Appellant had admitted that due to time constraints they could not devise



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a comprehensive AML & CFT policy, however, subsequent to the Review the highlighted deficiencies were rectified. Additionally, the Respondent contended that the Appellant failed to provide sufficient evidence to substantiate its claims of compliance with the AML & CFT Regulations and the Licensing Regulations. Moreover, it was contended that the written submissions were duly considered and reflected in the reasoning of the Impugned Order. The Respondent iterated that the Impugned Order was passed strictly in accordance with law, after due process, and on the basis of material available on record, and hence does not suffer from any legal infirmity or violation of the principles of natural justice. In view of the foregoing submissions, the Respondent prayed that the Appeal be dismissed and the Impugned Order be upheld in its entirety.

8. The Appellate Bench (the "Bench") has heard the submissions of the parties and perused the material available on record. The Bench observes that the Appellant, being a licensed securities broker, is under a continuing statutory obligation to ensure strict compliance with the AML & CFT Regulations and any deficiencies in AML & CFT policy cannot be treated lightly, as such obligations are fundamental to maintaining the integrity and transparency of the capital market. It is noted that the Authorized Representative iterated the Appellants response to the SCN, including explanations regarding the AML & CFT policy, compliance, and internal audit functions, and contended that the provided documents were not duly considered while passing the Impugned Order.
9. The controversy in the present Appeal primarily pertains to the nature and gravity of the alleged non-compliances under the AML & CFT Regulations and the Licensing Regulations, and whether, in the facts and circumstances of the case, the imposition of aggregate monetary penalties was justified and proportionate. From the record, it transpires that the Appellant is a 'Trading and Self-Clearing Broker' operating on a comparatively limited scale as propriety trader. It has further been noted that the trading volume of the Appellant as of June 30, 2025 stood at approximately Rs. 2.9 billion, whereas the custody under management was around Rs. 170 million. The record further reflects that the deficiencies identified during the Review were either rectified or were in the process of rectification by the Appellant subsequent to the Review.



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10. The Bench observes that the object of regulatory proceedings under the regulatory regime is not merely punitive, but primarily corrective, persuasive, and compliance-oriented in nature. The purpose of such proceedings is to ensure adherence to statutory obligations, strengthen market discipline, safeguard investor confidence, and promote orderly functioning of the capital market while simultaneously maintaining a conducive environment for business activities to flourish. It is now a settled principle of administrative and regulatory jurisprudence that enforcement action must remain proportionate to the nature, gravity, and consequences of the default and that authorities ought not to adopt measures which are more drastic than necessary for securing compliance. The Hon'ble Supreme Court of Pakistan in case titled "**Sabir Iqbal v. Cantonment Board, Peshawar through Executive Officer and others**" reported as **PLD 2019 SC 189** recognized the principle of proportionality as a guiding standard for administrative action and held that authorities should avoid adopting excessively harsh measures where the objective can be achieved through less severe and more reasonable means. Relevant paragraph of the judgment is reproduced hereunder:

"5... Alongside reasonableness, proportionality is now a central standard directing the action of the executive branch... An administrative measure must not be more drastic than necessary or to sum up in a phrase - not taking a sledgehammer to crack a nut... A more sophisticated version of proportionality provides for a structured test. Here the courts ask first whether the measure, which is being challenged, is suitable to attaining the identified ends (the test of suitability). Suitability here includes the notion of "rational connection" between the means and ends. The next step asks whether the measure is necessary and whether a less restrictive or onerous method could have been adopted"

11. The Bench notes that the Appellant submitted that most of the non-compliances highlighted in the Review were rectified before initiation of the proceedings under the SCN. While such *post facto* compliance is a mitigating factor, it does not negate the violation of the said provisions at the relevant time. Compliance with AML & CFT Regulations must be demonstrable at all times, and subsequent compliance cannot absolve the Appellant from liability arising from established non-compliance. The Bench also notes that certain deficiencies highlighted during the Review appear to be procedural in nature and the Appellant has subsequently taken steps to address and rectify the same, including improvement of its internal AML/CFT framework and related controls. Having considered



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the arguments put forth by the parties, the Bench is of the view that while indeed there were shortcomings in the Appellant's compliance with the AML & CFT Regulations at the time of Review, these did not amount to willful or systemic violations. The Appellant's conduct, marked by prompt rectification, improved internal controls supports a finding that the non-compliance was technical. The Bench finds merit in the Appellant's plea for proportionality and notes that the record evidences substantial steps taken post-Review to align with regulatory requirements. The Appellant also appears to have cooperated during the proceedings and undertaken corrective measures for future compliance. In such circumstances, the Bench is of the considered view that the ends of justice would be adequately met through a balanced and proportionate regulatory approach.

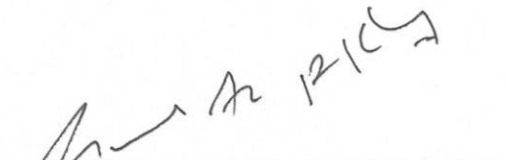
12. The Bench further observes that the alleged violations under the Licensing Regulations emanate from substantially the same factual matrix that also formed the basis of proceedings under the AML & CFT Regulations. It is a settled principle of law that where substantially the same act or omission is cognizable under two enactments, the matter ought to be pursued in a manner that avoids duplication of penal consequences for the same default. In this regard, reference may be made to Section 26 of General Clauses Act, 1897 as well as Article 13 of the Constitution of the Islamic Republic of Pakistan, 1973, which embodies the principle that where an act or omission constitutes an offence under two enactments, the offender may be prosecuted under either or any of those enactments, but shall not be punished twice for the same offence. The said principle reflects the broader doctrine against multiplicity of punishment recognized under the constitutional principles of fairness and proportionality.
13. The Bench is, therefore, of the considered view the imposition of aggregate penalties in the peculiar facts and circumstances of the case warrants reconsideration on the touchstone of proportionality, fairness, and the corrective objectives of the Regulations.
14. Accordingly, considering the nature of the violations, the Appellant's ongoing compliance efforts and the subsequent remedial actions, the Bench considers it reasonable to reduce the amount of penalty imposed to Rs. 50,000/- (Rupees Fifty Thousand). The Appellant is further directed to exercise enhanced vigilance and ensure strict and ongoing compliance with the AML/CFT Regulations in the future.



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15. The Appeal stands disposed of in the above terms with no orders as to costs.
16. 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 SECP Act, before the competent forum, strictly in accordance with law. Accordingly, the Appeal is disposed of in the above terms with no order as to costs.


(Muzzafar Ahmed Mirza)
Commissioner


(Muhammad Ali Farid Khwaja)
Commissioner

Announced on: **09 JUN 2026**