



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 94 of 2022

A.H.M Securities (Pvt.) Limited

...Appellant

Versus

Director/HOD, Adjudication -I

...Respondent

Date of hearings:

August 28, 2025

Present:

For the Appellant:

1. Mr. Hammad Tahir (Chief Executive)
2. Mr. Muhammad Faraz

For the Respondent:

1. Mr. Sohail Qadri, Director/HOD, Adjudication Department-I, SECP
2. Mr. Muhammad Faisal, Deputy Director, Adjudication Department -I, SECP

ORDER

1. This Order shall dispose of Appeal No. 94 of 2022 filed by A.H.M Securities (Pvt.) Limited (the "Appellant") under Section 33 of the Securities and Exchange Commission of Pakistan Act, 1997 (the "SECP Act") against the Order dated June 24, 2022 (the "Impugned Order") passed by the Director/Head of Department, Adjudication-I (the "Respondent") under Section 40A of the SECP Act read with the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018 (the "AML Regulations").



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2. The brief facts of the case are that A.H.M. Securities (Private) Limited (the "Appellant") is a Trading Rights Entitlement Certificate (TREC) holder of the Pakistan Stock Exchange Limited and is licensed by the Securities and Exchange Commission of Pakistan (the "Commission") to operate as a securities broker. Pursuant to a Thematic Inspection (the "Inspection") conducted by the Joint Inspection Team (JIT), various instances of non-compliance with the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 (the "AML Regulations") were identified. These included, *inter alia*, failure to identify and verify the beneficial ownership of clients, deficiencies in AML/CFT policies and procedures, lack of evidence regarding screening against proscribed persons, insufficient justifications for assigning clients 'low risk' ratings, and failure to conduct NADRA *Verisys* or biometric verification of CNICs. In light of these findings, a Show-Cause Notice (the "SCN") dated March 4, 2021 was issued to the Appellant under Section 6A(2)(h) of the Anti-Money Laundering Act, 2010 read with Rules 4(1) and 6(1) of the AML/CFT Sanctions Rules, 2020 and Regulation 31 of the AML Regulations. After considering the submissions of the Appellant, a penalty of Rs. 780,000/- was imposed on the Appellant for violations of multiple provisions of the AML Regulations. Additionally, a warning was issued to the Compliance Officer under Regulation 27(2)(c)(ii).
3. The Appellant preferred the instant appeal, *inter alia*, on the grounds that the Impugned Order was passed without affording the Appellant a fair opportunity of being heard, thereby violating the principles of natural justice. The Appellant contended that its detailed written responses and explanations were submitted in good faith and with full cooperation, but were not objectively evaluated and that the Impugned Order merely reiterated the allegations raised in the SCN. The Appellant categorically denied the alleged contraventions of the AML Regulations, specifically Regulation 11, and asserted that it did not concede any such violations during the hearing. The Appellant further denied that its AML/CFT policies and procedures were only updated post-Inspection, claiming that the relevant documents had already been submitted to the regulators in a timely manner, and no objections were raised by the Respondent at the time. The Appellant further maintained that it had provided all relevant data, records, and documents both prior to and during the Inspection, including client verification documents, risk profiling, and source of income information. The Appellant asserted that the clients in question were long-standing and well-known to them, and that it had conducted



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appropriate due diligence in accordance with its own methodology, which was previously communicated to and not objected to by the Respondent.

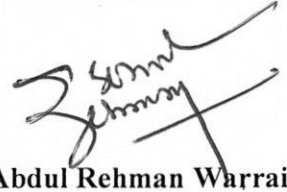
4. The Appellant also submitted that it had undertaken all reasonable measures to comply with the AML/CFT regulatory framework and expressed concern that the penalty imposed may be disproportionate. It was further contended that the Impugned Order did not fully take into account the Appellant's compliance efforts or the broader contextual circumstances. In light of these considerations, the Appellant respectfully requested that the Impugned Order be set aside and that the penalty either be withdrawn or substantially reduced.
5. In response to the Appellant's submissions, the Respondent filed detailed para-wise comments, firmly refuting the allegations made. The Respondent contended that the Impugned Order constitutes a well-reasoned and legally sound decision, issued in strict accordance with applicable laws and procedures. It was further submitted that the Appellant was afforded ample opportunity to present its case, and that the Impugned Order reflected due consideration of all written submissions, the findings of the JIT, and the relevant provisions of the AML Regulations. The Respondent further stated that the violations were identified during the course of the JIT's Inspection, and that the Appellant's explanations were duly reviewed both prior to the issuance of the SCN and again before the passing of the Impugned Order. It was argued that the deficiencies highlighted were neither adequately addressed nor substantiated by the Appellant, either during the Inspection or in its subsequent responses.
6. In particular, the Respondent emphasized that the Appellant's claim of having updated policies and procedures in place prior to Inspection was factually incorrect and contradicted by the Appellant's own admission during proceedings that such policies would be shared once updated. The Respondent further referred to the Impugned Order, where each alleged violation was independently assessed in light of the Appellant's submissions. The Respondent particularly denied that any bias, pre-judgment, or unfairness occurred in the decision-making process. It contended that all relevant evidence and contentions were duly considered, and the final penalty was imposed only after violations had been clearly established in accordance with law. The Respondent thus requested that the Impugned Order be upheld, being lawful, fair, and proportionate.



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7. The Appellate Bench carefully examined the record, including the written submissions and oral arguments advanced by both parties during the hearing. It is an admitted position that several deficiencies and lapses were identified during the Inspection conducted by the Respondent. The Appellant did not provide contemporaneous, pre-inspection evidence to refute these findings, and instead primarily relied on post-inspection remedial measures.
8. Nonetheless, the Bench acknowledges that the Appellant demonstrated a cooperative attitude throughout the proceedings. The Appellant appeared before the Respondent, submitted detailed responses to the SCN, and undertook remedial measures following the inspection. These efforts included revisions to its AML/CFT policies and strengthening of internal control mechanisms. The Appellant also submitted that the clients under review were predominantly long-standing, well-known individuals assessed as 'low-risk' under its internal risk-based methodology. Furthermore, the Appellant attributed certain documentation lapses to extraordinary circumstances, including staffing constraints during the COVID-19 pandemic period, which adversely affected record maintenance and data retrieval.
9. In view of the above, the Bench is of the considered view that although the violations stand established and the Impugned Order correctly identifies the breaches of applicable regulations, the Respondent, in imposing a monetary penalty of Rs. 780,000, may not have sufficiently accounted for relevant mitigating circumstances. These include the nature and gravity of the breaches, the degree of voluntary compliance efforts undertaken by the Appellant after the inspection, the absence of any prior history of regulatory violations, and the overall cooperative posture maintained by the Appellant during the course of proceedings. Accordingly, the penalty is reduced to Rs. 200,000.
10. The Appeal is accordingly disposed of in the above terms, with no order as to costs.


(Zeeshan Rehman Khattak)
Commissioner


(Abdul Rehman Warraich)
Commissioner

Announced on:

30 SEP 2025