



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

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

In the matter of

UBL Fund Managers Limited

Show Cause Notice No. & Issue Date:	SECP/SCD/ADJ-I/49/2021-92 dated September 13, 2021
Date of Hearing:	October 29, 2021
Present at the Hearing Representing the Respondent	Mr. Yasir Qadri, Chief Executive Officer Mr. Hadi Hassan Mukhi, Head of Compliance Mr. Umair Ahmed, Chief Finance Officer
Date of Order:	April 30, 2022

ORDER

UNDER SECTION 6(A)(2)(h) OF THE ANTI-MONEY LAUNDERING ACT, 2010 READ WITH RULE 4(1) OF THE AML/ CFT SANCTION RULES, 2020 AND REGULATION 31 OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (ANTI MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM) REGULATIONS, 2020.

.....

This Order shall dispose of the proceedings initiated through the aforesaid Show Cause Notice (the SCN) by the Securities and Exchange Commission of Pakistan (the Commission) against **UBL Fund Managers Limited**, hereinafter referred to as **the Respondent and/ or the Company**, for contravention of regulations 5 (a) & (b), 8(1) & (3), 9(b), 13, 21(2) and 25(1)(a) read with regulation 31 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 (the AML Regulations); rules 4(1) and 6(1) of the AML/ CFT Sanction Rules, 2020 (the AML Rules); and Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010 (the AML Act).

2. The Company is a subsidiary of UBL Bank Limited, and licensed by the Commission to perform Asset Management and Investment Advisory businesses as an NBFC under the Non-Banking Finance Company (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). The Company also has permission to manage voluntary pension schemes under Voluntary Pension System Rules, 2005.

3. An onsite inspection of the Company was ordered on April 9, 2021, to assess its compliance with the AML/ CFT regulatory regime and to review the Company's compliance status of the highlighted instances of non-compliance with the AML Regulations. Findings/ observations of the inspection team were shared through Letter of Findings dated May 28, 2021, (LOF) with the management of the Respondent and comments received from the management vide letter dated June 11, 2021, were made part of the Inspection Report dated June 28, 2021 (the Inspection Report).

4. As per the inspection report, review of the database of the Company used for screening, transpired that:

(i) CNIC information of the customer/ clients is not available in the database:

(a) One hundred and twelve (112) instances where minor accounts did not contain their guardians' CNIC numbers in the database. In this regard, the Company commented that "these cases are minor accounts opened before promulgation of the AML CFT regime".



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division Adjudication Department-I

Whereas, it is mandatory to obtain (i) Form-B and (ii) Identity document of the guardian of the minor account holder as required under regulation 9(b) read with Annexure 1 of the AML Regulation.

- (b) In one hundred and thirty-two (132) instances, including fifty-four (54) foreign accounts, where either passport or CNIC number was not entered in the database. Moreover, other information such as father's name and address was also missing in some cases. CNIC / Passport numbers are Unique Identification Numbers (UIN) that should have been obtained from the customer at the time of account opening and used for screening purposes.
- (ii) Database used for screening contained incomplete CNIC numbers of clients:- eighty-three (83) accounts, selected on sample bases, whose CNIC information was incomplete in the database. In this regard, the Company in their comments submitted that "83 customers are being reviewed and these accounts were not credit-blocked, meaning that accounts were still active and the customers could make transactions through these accounts. In the absence of complete CNIC number, effective screening of customers cannot be conducted".
- (iii) Database used for screening contained dummy CNIC numbers in case of foreign accounts:- sixty-three (63) foreign accounts, selected on sample bases, wherein dummy passport numbers (i.e. 11111-1111111-1) were used instead of actual passport numbers. Further review of the database showed that although some of the above cases appeared twice in the database, however, all entries had the same dummy passport numbers in the field of CNIC / Passport.
- (iv) Missing information of nominees/signatories/trustees and directors:- inspection team on sample basis observed that in the case of two (2) corporates/trusts accounts, detail of directors/trustees were not appearing in the database used for screening by the Company. In this regard, the management of the Company in its comments accepted that "information pertaining to directors/trustees of these two (2) were not entered in the database for screening". Subsequent to the inspection team's observation, information of these two (2) accounts were entered into the database, and screening was done with no positive match.
- For legal persons, the entity is required to identify and take reasonable measures to verify the identity of beneficial owners by identifying the natural person(s) (if any) who ultimately has a controlling ownership interest in a legal person.

The above discrepancies in the screening database transpired that the Company did not develop adequate and effective mechanisms, processes and procedures for screening and monitoring customers, potential customers and beneficial owners/ associates of customers to detect any matches or potential matches with the stated designated/ proscribed persons, contrary to the requirement of regulation 25(1)(a) of the AML Regulations 2020.

5. As per the inspection report, review of AML/ CFT risk categorization of clients maintained by the Company transpired that the Company categorized one client as low in one fund whereas the same client was categorized as high/ medium in another fund. Total **seventy-four (74) instances** were found in the Company database wherein either the customer or his/ her minor (with same risk level) were assigned more than one risk rating. In this regard, the management of the Company in its comments "while agreeing with the observations that accounts should be consistent in risk categorization, assured to make the revisions." Failure to fulfill the requirement of risk categorization of each customer's risk depending on outcome of the Customer Due Diligence (CDD) process as required, *prima facie*, constitutes a violation of regulation 8(3) of the AML Regulations.

6. As per the inspection report, while reviewing the Know Your Clients (KYC) section of the Account Opening Forms of customers' records, it transpired that in some cases, KYC forms were either not available/ filled in or were incomplete. Five (5) such cases on sample basis were highlighted by the



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division Adjudication Department-I

inspection team. This indicates serious concerns regarding the maintenance and recording of customers' database at the Company. KYC section of account opening forms provides the basis of CDD process for customers and incomplete information may confine the Company to perform adequate CDD process contrary to the requirement of regulation 8(1) of the AML Regulations.

7. During the course of inspection, it was observed that the AML/ CFT policy of the Company was updated in October 2018. The Company only updated its KYC and AML Manual/ SOP in April 2021 and it required to update its policy as well which provides policy guidelines for AML/ CFT-related procedures and mechanism. The Company failed to include key parameters related to AML/ CFT which was introduced in the AML Regulations. Hence by not incorporating and enhancing risk parameters provided by the Commission, the Company contravened the requirement of regulation 5 (a) & (b) of the AML Regulations.

8. As per the inspection report, while reviewing the record/ files of customer/ clients selected on sample bases, it transpired that:

- (i) Approval from senior management of the Company was not taken in case of high-risk clients: in four (4) cases, while establishing relationship with high-risk customers, approval from senior management of the Company was not taken, contrary to the requirement of regulation 21(2)(e) of the AML Regulations, which requires that regulated person shall obtain approval from regulated person's senior management to establish or continue business relations with high-risk customers as part of Enhanced Due Diligence (EDD) process.
- (ii) Source of income not identified: in two (2) cases information/ documentation related to source of income of the clients was not found their files /records, contrary to the requirement of regulation 21(2)(c) of the AML Regulations, which requires the regulated person to obtain information on the source of funds or source of wealth of the customer as a part of EDD measures for high-risk customers.
- (iii) Identification/ KYC documents and information not obtained: in six (6) cases identification documents, such as copy of CNICs, Passport, KYC forms, were not found in the files/ record of the customer/ clients contrary to the requirement of regulation 9(b) read with Annexure 1 of the AML Regulations which obligates the regulated persons to identify the customer/ clients by obtaining identification documents.
- (iv) Adequate EDD was not conducted in high-risk clients: in six (6) cases proper EDD was not applied and the Company failed to conduct EDD in terms of regulation 21(2) of the AML Regulations which regulated entities are required to apply on high-risk customer/ clients.

The above discrepancies and/ or missing documentation/ information in the files/ records of the customer/ clients transpired that the Company failed to obtain necessary identification documents of its customers and to conduct proper EDD in respect of their customer/ clients contrary to the requirement of regulations 9(b) and 21(2) of the AML Regulations.

9. The deficiencies stated in Paras 4 to 8 above depict that the Company has contravened the provisions of regulations 5 (a) & (b), 8(1) & (3), 9(b), 13, 21(2) and 25(1)(a) of the AML Regulations which attracts the applicability of regulation 31 of the AML Regulations; rules 4(1) and 6(1) of the AML Rules and Section 6(A)(2)(h) of the AML Act. The said provisions of law are reproduced as under:

Regulation 5(a) & (b) of the AML Regulations:

"The regulated person shall:

- (a) *Have policies, controls and procedures, which are approved by its board of directors, to enable them to manage and mitigate the risks that have been identified in its own risk assessment and any other risk assessment publicly available or provided by the Commission;*
- (b) *monitor the implementation of those policies, controls and procedures and to enhance them if necessary;"*



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division Adjudication Department-I

Regulation 8(1) of the AML Regulations:

"The regulated person shall conduct CDD in the circumstances and matters set out in section 7A(I) and 7(E) of the AML Act."

Regulation 8(3) of the AML Regulations:

"The regulated person shall categorize each customer's risk depending upon the outcome of the CDD process."

Regulation 9(b) read with Annexure I of the AML Regulations:

"The regulated person shall:

- (a) identify the customer; and*
- (b) verify the identity of that customer using reliable and independent documents, data and information as set out in Annex 1."*

Regulation 13 of the AML Regulations:

"(1) For customers that are legal persons, the regulated person shall identify and take reasonable measures to verify the identity of beneficial owners by:

- (a) identifying the natural person(s) (if any) who ultimately has a controlling ownership interest (as defined under relevant laws) in a legal person; and*
- (b) to the extent that there is doubt under (a) as to whether the person(s) with the controlling ownership interest is the beneficial owner(s) or where no natural person exerts control through ownership interests, the identity of the natural person(s) (if any) exercising control of the legal person or arrangement through other means; and*
- (c) where no natural person is identified under (a) or (b) above, the identity of the relevant natural person who holds the position of senior managing official."*

Regulation 21(2) of the AML Regulations:

"Enhanced Due Diligence (EDD) –

(1).....

(2) EDD measures include but shall not be limited to the following measures:

- (a) Obtaining additional information on the customer (e.g. volume of assets, information available through public databases, internet, etc.), and updating more regularly the identification data of customer and beneficial owner;*
- (b) Obtaining additional information on the intended nature of the business relationship;*
- (c) Obtaining information on the source of funds or source of wealth of the customer;*
- (d) Obtaining information on the reasons for intended or performed transactions.*
- (e) Obtaining the approval of senior management to commence or continue the business relationship;*
- (f) Conducting enhanced monitoring of the business relationship, by increasing the number and timing of controls applied, and selecting patterns of transactions that need further examination."*

Regulation 25(1)(a) of the AML Regulations:

"(1) The regulated person shall undertake TFS obligations under the United Nations (Security Council) Act 1948 and/or Anti-Terrorism Act 1997 and any regulations made there under, including:

- (a) develop mechanisms, processes and procedures for screening and monitoring customers, potential customers and beneficial owners/associates of customers to detect any matches or potential matches with the stated designated/proscribed persons in the SROs and notifications issued by MOFA, NACTA and MoI."*

Regulation 31 of the AML Regulations:



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division Adjudication Department-I

"(1) Any contravention of these regulations shall be cognizable by the Commission in accordance with section 6A of the AML Act and liable to sanction provided in the AML/CFT Sanctions Rules, 2020 and imposed by the Commission according to Clause (h) of Sub-section (2) of Section 6A of AML Act."

Rule 4(1) of the AML Rules:

"(1) On any contravention as set out in rule 3(2), any or all of the following sanctions may be imposed by the concerned AML/CFT Regulatory Authority, namely:-

- (a) Impose a monetary penalty in accordance with these Rules;
- (b) impose any condition, limitation or restriction on the reporting entity's business or product offerings, as it considers appropriate;
- (c) Revoke license or de-registration of the reporting entities as applicable;
- (d) Impose a temporary or permanent prohibition on any natural person who holds an office or position involving responsibility for taking decisions about the management of the reporting entity, including but not limited to:
 - (i) issuing a written warning;
 - (ii) imposing a temporary suspension; or
 - (iii) removal from service.
- (e) Issue a statement of censure/warning/reprimand;
- (f) Issue a direction to the person to undertake any given actions, including but not limited to:
 - (i) comply with the requirements within a specified time period through a remedial plan;
 - (ii) conduct internal inquiries; or
 - (iii) take disciplinary action against directors, senior management and other officers.
- (g) Impose any other sanction permitted under the AML/CFT Regulatory Authority's enabling legislation and any rules, regulations or directives issued thereunder."

Rule 6(1) of the AML Rules:

"(1) The AML/CFT Regulatory Authority shall apply monetary penalties upto Rs. 100 Million per violation, in accordance with the risk-based penalty scale of the respective AML/CFT Regulatory Authority."


Section 6(A)(2)(h) of the AML Act:

"(h) impose sanctions, including monetary and administrative penalties to the extent and in the manners as may be prescribed, upon their respective reporting entity, including its directors and senior management and officers, who violates any requirement in section 7(1), 7(3) to 7(6) and 7A to 7H and any rules or regulations made thereunder or those who fail to comply with the TFS regulations. Any person aggrieved by the imposition of sanctions under this clause may prefer an appeal in such manner and within such period to such authority as may be prescribed;"

10. In order to take cognizance of the aforesaid non-compliances/ contraventions, the SCN was issued to the Respondent, calling upon it to show cause in writing as to why the penalty as provided under Section 6(A)(2)(h) of the AML Act, may not be imposed on it for the aforementioned contraventions of the law.

11. In response to the SCN, the Respondent vide letter dated September 27, 2021 submitted that:

1. CNIC Information Not Available:

- All the highlighted accounts have been opened around thirteen (13) years ago with latest account being opened in August 2008;
- 4 accounts were minor accounts as at December 31, 2020 and subsequently, these accounts have been remediated with updated documentation;
- All of the remaining 108 accounts are Credit Blocked for further transactions; 81 accounts are also classified as dormant as per SECP guidelines; 



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division Adjudication Department-I

- Out of these 108 accounts, in 79 accounts the CNIC of the guardian has been screened in the following manner:
 - 24 accounts | Guardian CNIC is appearing in the same account and was screened;
 - 55 accounts | Guardian CNIC is appearing in their separate account and was screened;
- The remaining 29 accounts were opened before September 2008 and is part of the legacy data where we do not have the CNIC information in the system. We have performed the physical review of the forms and already updated 26 CNIC information in the system and entered for screening. We reiterate that these accounts are Credit Blocked.

2. **CNIC or Passport Information Not Available:**

Main constituents of screening parameters in the current screening application are Name, Father Name, Address, CNIC & DOB. In these cases as and when there is a match with the provided information, other system information including passport numbers for foreign personnel is scanned to take decision on the match. The passport numbers of 54 account mentioned in the SCN are available in the record. Moreover, management is in the process of onboarding another screening application ICIL-LexisNexis AML Service solution for screening which will also use the passport number as search parameter.

3. **CNIC Information was incomplete**

Out of 83 instances mentioned in the SCN, 64 are minor accounts. As per Annexure I of AML Regulation in case of Minor Accounts, anyone of the following an acceptable document to verify the identity along with identity document of guardian of minor:

- (i) Form B, or
- (ii) Birth Certificate or
- (iii) Student Card

In these 64 accounts, Birth certificate were obtained and entered in the system along with the CNIC of guardian and has been screened. Accordingly, these account have been marked as remediated.

4. **Dummy Numbers were found in CNIC Section:**

The passport numbers of 63 individuals were in database. Since CNIC field is a mandatory requirement in the system, therefore, for foreign directors a dummy number was put in the system to allow it to proceed further.

5. **Details of Directors/ Trustees Missing:**

The complete information was available at the time of marking these accounts active. However, because of human error the information was not included in the system and hence did not go through the screening.

6. **Different Risk Classification of the same Customers:**

All cases so noted have at least one account rated as High Risk and another as Medium/ Low based on the qualifying criteria. Following measures are adopted for these cases:

- a) Obtaining adequate documents as per highest risk classification in any account while onboarding or at the time of remediation; and
- b) Continuous monitoring of such high risk accounts.

Additionally, have also started working on the system amendments wherein all such accounts will be considered / reviewed cumulatively and one rating will be assigned to all such accounts.

7. **KYC Forms were incomplete or Not Available:**

Section 7A(2) of the AML Act requires the reporting entity to:

- (i) identify the customer and/or beneficial owner using reliable and independent documents;



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division Adjudication Department-I

- (ii) understand and, as appropriate, obtain information on the purpose and intended nature of business transaction; and
- (iii) ongoing monitoring of accounts.

Apart from one individual account, all other accounts mentioned in the SCN are corporate accounts and were remediated prior to AML Regulation and based on the reliable and independent information available at the time of remediation. For one individual account (00065976-1) the KYC form was submitted to the onsite inspection team and with clarification that although not mentioned in KYC form the source of funds was known and adequately documented. Obtained the updated KYC forms from these clients.

8. **KYC/AML Manual updated with delay:**

The inspection team highlighted that AML policy approved in October 2018 does not cover certain areas. As per practice, the policy document is formulated containing the basic principles from the relevant law and any detailed mechanism is covered via the relevant SOP/Manual. Following the same pattern the AML/ CFT policy was approved in 2018 with principle requirements as mentioned in the AML KYC Regulations 2018 covered in the policy areas (provided below) and the SOP contained the details of these areas. All the highlighted areas in the letter of findings are already covered in the Policy or SOP/ Manual. Furthermore, for AML KYC SOP/Manual (shared earlier with inspection team), recently promulgated AML Regulations in Oct 2020 were discussed in the AML Committee Meetings dated Nov 4, 2020 and Dec 30, 2020, wherein the relevant changes were discussed and required changes were made in version 2.0 on Feb 17, 2021. The SOP has been consistently reviewed and revised with the latest review being carried out in April 2021.

9. **Senior Management Approval Not Found:**

The accounts so highlighted are the Discretionary (Advisory) accounts opened with UBL Funds and these are opened after Investor Profile Statement & Advisory Agreement duly signed by senior management.

10. **Information related to Source of Income Not Available:**

As per AML CFT Regulation 2020, all the mandatory documents for NOPs'as prescribed in Annexure 1 were available in record for both the customers and were also shared with the inspection team. Adequate controls are in place to ensure proper CDD documentation and required due diligence, in order to ascertain the detail of its activities, sources and usage of funds.

11. **Identification Documents Not Available:**

Management seeks valid identity document at the time of account opening of the unit holders, and one (01) month before the expiry of the document a notification is sent to the unit holder to submit valid identity document. In case a reply is not received the system automatically blocks the account until a valid identity document is provided by the unit holder. For corporate accounts, since there are multiple signatories/ directors/ trustee ect. a notification is sent to the sale team to obtain updated identity documents upon expiry, however, such corporate account is not blocked.

12. **Proper EDD Measures were Not Applied:**

Section 21 of AML Regulation, while discussing the procedure for EDD focuses on the following three main areas:

- Identity information of the customer and beneficial owner;
- Information of Source of Funds at the time of onboarding/ remediation along with approval of Senior Management; and
- Ongoing Monitoring of Transaction.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division Adjudication Department-I


At the time of remediation EDD measure for obtaining identity information, adequate information of source of funds and senior management approvals were taken. For the cases highlighted in SCN, following was performed as ongoing monitoring:

- **Individual Account** – The ongoing monitoring for individual is performed based on the mismatch of the profile, the annual income and the investments via an automated formula inbuilt in the system;
- **NPO** – All these accounts were opened prior to promulgation of AML Regulation. However, an investment alert limit of transaction exceeding Rs.50 million was operational on all NGO/ NPO and legal arrangements accepting donations (derived from SECP Circular 9 of 2017) from the promulgation of the Regulation. The transaction limit was recently revised and made more conservative in Feb 2021 to Rs.5 million. Accordingly, EDD monitoring is also being carried out; and
- **Private Company** – An investment alert limit of any transaction exceeding Rs.100 million was operational on all corporations (derived from SECP Circular 9 of 2017). Accordingly EDD monitoring is also being carried out.

Apart from the above specific monitoring parameters other parameters based on red flag indicators are also installed as defined on the basis of regulation 19 of the AML Regulations.

12. In order to provide the Respondent opportunity of personal representation, hearing in the matter was fixed for October 29, 2021. Mr. Yasir Qadri, Chief Executive Officer; Umair Ahmed, Chief Finance Officer; and Mr. Hadi Hasan Mukhi, Head of Compliance; appeared before the undersigned on behalf of the Respondent, as its Authorized Representative (**the Representatives**). The Representatives were requested to explain reasons for the non-compliances, as mentioned in the SCN. The Representatives reiterated the stance taken in the aforementioned written replies and admitted the default. The Representatives further submitted that:

- (i) Minor accounts where CNIC information was not available, were opened 13 years back. These accounts are credit blocked for further transactions.
- (ii) Generally the screening parameters were Name, Father's Name and Addresses and in case of any match they further investigated. Now in case of foreign account holders they are obtaining passport numbers as well for using the same for screening.
- (iii) The Company's system did not accept the dual entry of the CNIC that's why dummy CNIC numbers were entered. Now they have included the option of entering the CNIC duplication.
- (iv) In case of foreigners, dummy CNICs were entered in the database, now they are obtaining their passport numbers for using the same for screening.
- (v) The director's/ trustees details in the database were missed inadvertently.
- (vi) Different risk categorization for the same client is for the customers before 2015. EDD on high-risk clients is now remediated.
- (vii) Accepted that the AML policy was approved in 2018. However, the recently promulgated AML Regulations were discussed in AML Committee meeting in November and December 2020 and required changes were made accordingly.
- (viii) The Company had practice to open the Discretionary (Advisory) accounts after Investor Profile Statement & Advisory Agreement duly signed by the senior management. Now they have started to take separate approvals from the senior management prior to signing the Investor Profile Statement & Advisory Agreement.
- (ix) The identification documents and EDD documents were available in the record/ files.
- (x) Admitted the default on part of the Respondent and submitted that certain deficiencies have been rectified and the rest will be remediated, and also ensure the future compliance.

13. I have reviewed the facts of the case in light of the applicable provisions of the law and has given due consideration to the written submissions and verbal arguments of the Respondent Company and its Representative and observed that: 



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division Adjudication Department-I

- (i) The clients' database maintained by the Company was incomplete as certain critical information in respect of clients were found missing which raised doubt on completeness, accuracy and reliability of the database for the periodic screening and monitoring of clients and their associated persons. Although, screening was done by using other parameters including Name, Father's Name and Addresses, however, in absence of correct CNIC number and passport number, accuracy of the screening process is doubtful. This implies that the Company has not developed an effective mechanism, process, and procedure for screening and monitoring of the clients their borrowers and associates persons. Hence, the Company is exposed to a risk of forming relationships with associates of the proscribed person, which is violation of regulation 25(1)(a) of the AML Regulations;
- (ii) Risk categorization of the customer has not been done by the Company properly as certain clients were assigned more than one risk rating which showed that the Company failed to fulfill the requirement of risk categorization of each customer's risk depending on outcome of the CDD process, contrary to the requirement of regulation 8(3) of the AML Regulations.
- (iii) Non-maintenance and/or incomplete KYC forms indicate serious concerns regarding the maintenance and recording of customers' database at the Company and confine the Company to perform adequate CDD contrary to the requirement of regulation 8(1) of the AML Regulations.
- (iv) The Company failed to update its AML Policy which is contravention of regulations 5(a) and (b) of the AML Regulations. The Respondent updated its AML SOPs in April 2021 however, it was required to update its AML Policy as well. Keeping in view the fact that new AML Regulations 2020 were promulgated in September 2020, therefore, the Company should have updated its policy as per the AML Regulations 2020 and its Board should have duly approved the same.
- (v) Evidence of identification record and EDD measures taken, has been provided by the Company. However, the Respondent has to be more prudent for meticulous compliance with the requirement of regulations 9 and 21 of the AML Regulations.

14. In view of the above, it is stated that violations of regulations 25(1)(a), regulation 8(1) and (3), 5(a) and (b) are established. Therefore, the Company is liable to be penalized under regulation 31 of the AML Regulations; rules 4(1) & 6(1) of the AML Rules; and Section 6(A)(2)(h) of the AML Act. Therefore, in exercise of the powers conferred under Section 6 (A)(2)(h) of the AML Act, I hereby, impose a fine of **Rs. 9,130,000/- (Rupees; Nine Million One Hundred and Thirty Thousand Only)** on the Company on account of the aforesaid conceded and established non-compliance of the AML Regulations.

15. The Company is hereby directed to deposit the aforementioned fine in the designated Bank Account maintained in the name of the Securities and Exchange Commission of Pakistan with MCB Bank Limited within thirty (30) days of the date of this Order and furnish receipted voucher evidencing payment of the same.

16. This Order is being issued without prejudice to any other action that the Commission may initiate against the Company and / or its management (including CEO of the Company) in accordance with the law on matters subsequently brought to the knowledge of the Commission.



(Amir M. Khan Afridi)
Director/HOD (Adj-I)