ORDER	
Name of Company:	**Shah Sachal Sami Foundation**
Show Cause Notice No. & Date:	SECP/SCD/ADJ-I/40/2021-618 dated June 10, 2025
Date(s) of Hearing(s):	(i) July 09, 2025; (ii) July 18, 2025 and (iii) July 25, 2025.
Case Represented by:	Syed Muhammad Moaz Ahmed, Consultant *(As the Authorized Representative on behalf of the Company)*
Provisions of Law Involved:	Section 6A(2)(h) of the Anti-Money Laundering Act, 2010 and Rule 4(1)(a) and 6(1) of the AML/CFT Sanction Rules, 2020 read with Regulation 31 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing) Regulations, 2020
Order dated:	August 07, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (**the "Commission"**) through Show Cause Notice No. SECP/SCD/ADJ-I/40/2021-618 dated June 10, 2025 (**"SCN"**) against **Shah Sachal Sami Foundation (the "Company"**) under Section 6A(2)(h) of the Anti-Money Laundering Act, 2010 (**the "AML Act"**) and Rule 4(1)(a) and 6(1) of the AML/CFT Sanction Rules, 2020 (**the "AML Rules"**) read with Regulation 31 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing) Regulations, 2020 (**the "AML Regulations"**) and Regulation 4 of the AML Regulations read with Clause A of SRO 920(I)/2020 dated September 28, 2020 (**the "SRO 920"**) in conformance with SRO197(I)/2021 dated February 12, 2021 (**the "SRO 197"**).

2. The Commission issued the SRO 920 and subsequent SRO 197, hereinafter collectively referred to as the "**SROs**", whereby, all Regulated Entities were directed to comply with the following reporting requirements and submit information in the manner prescribed therein:

A. Annual risk assessment and control/compliance assessment framework based on data and information as on March 31st, to be filed by April 30th each financial year ("FY");

3. The brief facts of the case are that the Company was incorporated on October 18, 2016, as a public company under the Companies Ordinance, 1984, now the Companies Act, 2017 and was licensed on March 30, 2023 by the Commission as a Non-Banking Finance Company (**NBFC**) to carry out Investment Finance Services (restricted to Microfinancing). The Company is a regulated person as per definition stated at Clause (r) of Regulation 3(1) of the AML Regulations.

4. The review of the record available with the Commission transpires that the Company failed to submit its Annual Risk Assessment reports (**"Compliance Reports"**) as required under Clause A of the SRO 920 in conformance with SRO 197, detailed as under:

Year(s)	Review Report(s)	Due Date	Current Status
2024	April 01, 2023 to March 31, 2024	30-Apr-2024	Not Submitted
2025	April 01, 2024 to March 31 2025	30-Apr-2025	Not Submitted

5. In order to ascertain the matter, the Commission vide letter dated February 25, 2025, advised the Company to furnish the pending filings as required under the SROs and the same was also shared with the Company vide an email dated February 28, 2025, followed by a reminder dated March 13, 2025. However, no response was received from the Company. Another reminder was also issued vide email dated April 15, 2025 to the Company to submit its Compliance Reports by April 30, 2025; however, despite repeated reminders, the Company did not submit its aforesaid Compliance Reports.

6. Taking cognizance of the alleged violation of law, SCN was served upon the Company to show the cause in writing as to why a penal action may not be taken against it for violation of the aforesaid requirements prescribed under Section 6A(2)(h) of the AML Act and Rule 4(1)(a) and 6(1) of the AML Rules read with Regulation 31 of the AML Regulations. In response to SCN, Ms. Farzana Khilji, Chief Executive Officer of the Company, vide letter dated nil received on June 19, 2025, *inter alia,* submitted as under:

(i) At the outset, it is respectfully submitted that the non-compliance was inadvertent and unintentional.

(ii) The Company was licensed as an NBFC on March 23, 2023 and has since been in process of establishing its internal control and compliance framework in line with the AML Regulations.

(iii) Due to initial capacity constraints and lack of clarity regarding the SRO compliance timelines, the Company was unable to submit the required reports within the stipulated timeframe. However, it is assured that the Company will ensure compliance with all regulatory requirements.

(iv) It is therefore requested to kindly condone the delay and take a lenient view, considering that this is a first-time lapse as no financial misconduct or risk exposure has occurred.

7. In order to provide an opportunity for personal representation and to meet the ends of justice, a hearing in the matter was fixed for July 09, 2025; which was not attended by the Company. Another hearing in the matter was fixed for July 18, 2025, which was attended by Syed Muhammad Moaz Ahmed, Consultant, who appeared as the Authorized Representative on behalf of the Company (**the "Authorized Representative"**). During the course of the hearing, the Authorized Representative reiterated the aforesaid reply and stated that the Company had physically submitted the requisite Compliance Reports. The Authorized Representative further requested that the hearing be re-fixed to enable him to produce supporting documents in this regard. Subsequently, in order to conclude the matter, a final hearing in the matter was fixed for July 25, 2025, which was duly attended by the Authorized Representative. During the said hearing, the Authorized Representative reiterated the earlier submissions, produced evidence of submission of the required Compliance Reports through the AML Portal and requested that a lenient view may be taken in the matter.

8. The relevant provisions of law are reproduced as under:

Section 6A(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"

Rule 4(1)(a) of the AML Rules:
"(a) Impose a monetary penalty in accordance with these Rules;"

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."

Regulations 31 of the AML Regulations:
"(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."

Regulation 4 of the AML Regulations:
"4. Risk Assessment - The regulated person shall take appropriate steps in accordance with section 7F of the AML Act to identify, assess and understand its money laundering, and terrorism financing risks for customers, countries or geographic areas and products, services, transactions or delivery channels. The regulated person shall:

(a) document their risk assessments;
(b) consider all the relevant risk factors before determining what is the level of overall risk and the appropriate level and type of mitigation to be applied;
(c) keep their risk assessments up to date;
(d) categorize its own overall entity level risk as high, medium or low based on the result of risk assessment; and
(e) have appropriate mechanisms to provide risk assessment information to the Commission."

SRO 920(I)/2020 dated September 28, 2020:
"A. Annual risk assessment and control/compliance assessment framework based on data and information as on 30 June, to be filed by 31st July of each financial year ("FY"), starting from the date of notification of this directive, and as instructed from time to time by the Commission.

a) Risk Assessment Framework: Regulated Entities should undertake and submit their internal annual risk assessment which should be aligned with the risks identified in the latest National Risk Assessment of the country and cover the process adopted for risk identification. The risk assessment methodology should cover the risk emanating from customers, products, geography and delivery channels, elaborate risk tolerance level and assess residual risk after implementation of mitigation measures. Regulated Entities are encouraged to use the template given in Annex 1 to the Guidelines for reference, but may choose their own risk assessment methodology that best suits or represents their business covering the aforementioned risks, in light of the AML Act, 2010 and the Regulations. The risk assessment report should be reviewed and approved by the board of Page 2 of 4 directors of the Regulated Entities and shall be signed by the chief executive officer/ company secretary.

b) Compliance Assessment Checklist: Regulated Entities should submit their annual compliance assessment checklist to demonstrate adequacy and effectiveness of AML/CFT compliance framework in light of the Regulations, and are encouraged to use the checklist provided in Annex 2 to the Guidelines for this purpose.

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Any person to whom this directive applies and who contravenes or fails to comply with the requirements of this directive or submits a return which is false in material respect or where under a misstatement is made shall be subject to sanction in accordance with AML Rules issued under the AML Act and imposed by the Commission according to section 6A of the AML Act."

SRO 197(I)/2021 dated February 12, 2021:
"In the aforesaid Notification, in section A, for their expression '30 June, to be filed by 31st July' the expression '31st March, to be filed by 30th April' shall be established."

9. I have gone through the relevant provisions of Regulation 4 of the AML Regulations read with Clause A of the SRO 920 in conformance with the SRO 197 and considered the facts of the case, available record of the Company, as well as the written and the verbal submission made by the Authorized Representative. I have also perused Section 6A(2)(h) of the AML Act and Rule 4(1)(a) and 6(1) of the AML Rules read with Regulation 31 of the AML Regulations, which stipulate penal provisions for contravention of the afore-referred provisions of law. It is pertinent to underscore that the provisions of Regulation 4 of the AML Regulations read with Clause A of SRO 920 and the subsequent SRO 197, impose a mandatory obligation on all Regulated Persons, including NBFCs, to conduct and timely file Compliance Reports. These reports are central to the risk-based AML supervisory approach and are designed to ensure that Regulated Persons identify, assess and mitigate money laundering and terrorist financing risks. However, in the instant case, the Company subsequent to SCN submitted both Compliance Reports for FY2024 and FY2025 on July 25, 2025 with a substantial delay of 451 and 86 days, respectively.

10. The argument put forth by the Authorized Representative that the default was unintentional, resulted from initial capacity constraints and arose due to a misunderstanding of the timelines on account of the Company's recent licensing as an NBFC is legally not tenable. The obligation to prepare and submit Compliance Reports is explicit, mandatory and uniformly applicable to all Regulated Persons under the AML Regulations. As a licensed NBFC, the Company was under a clear and unequivocal legal obligation to understand and ensure timely compliance with all applicable AML reporting requirements from the date of licensing. However, the Company failed to submit the aforesaid Compliance Reports within the stipulated timelines.

11. In view of the foregoing and the admission made by the Authorized Representatives, non-compliance/contravention of the requirements of Regulation 4 of the AML Regulations read with Clause A of the SRO 920 in conformance with the SRO 197 has been established, which attract the applicability of Section 6(A)(2)(h) of the AML Act and Rule 4(1)(a) and 6(1) of the AML Rules read with Regulation 31 of the AML Regulations. However, considering that the Company has subsequently submitted the required Compliance Reports, I, therefore, in terms of powers conferred under Section 6A(2)(h) of the AML Act read with Regulation 31 of the AML Regulations and S.R.O. 827(I)/2022 dated June 09, 2022, impose a penalty of **Rs.40,000/- (Rupees Forty Thousand Only)** on the Company on account of established default. The Company is also advised to ensure meticulously compliance with all the requirements of the AML Regulations in future.

12. The Company is hereby directed to deposit the aforesaid fine in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and furnish receipted voucher issued in the name of the Commission for information and record.

13. In case the Company is aggrieved by this Order may, within thirty days of the date of this Order, prefer an appeal to Appellate Bench of the Commission in terms of Section 33 of the Securities and Exchange Commission of Pakistan Act, 1997 in accordance with the procedure for filing an appeal as laid down under the Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2003.

Mahboob Ahmad
Additional Director/Head of Wing
Adjudication Department – I
Listed Companies Wing

Announced:
August 07, 2025
Islamabad.