



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s. A.H.M Securities (Private) Limited
Show Cause Notice No. and Date:	2(204)SMD/Adj-1/2020-261 dated March 24, 2025
Respondents:	M/s. A.H.M Securities (Private) Limited
Date(s) of Hearing(s):	April 25, 2025
Case represented by:	Mr. Hammad Tahir, CEO (as the Authorized Representative)
Provisions of law involved:	Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010 and Rules 4(1)(a) and 6(1) of the AML/ CFT Sanctions Rules, 2020 read with Regulation 31 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering, Combating the Financing of Terrorism and Countering Financing of Terrorism) Regulations, 2020 for failure to comply with the Regulation 25(1)(a) thereof.
Order dated:	May 15, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (**the Commission**) through Show Cause Notice No. 2(204)SMD/Adj-1/2020-261 dated March 24, 2025 (**the SCN**) against M/s. A.H.M Securities (Private) Limited (**the Company**) under Regulation 31 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 (**the AML Regulations**) read with Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010 (**the AML Act**) and Rules 4(1)(a) and 6(1) of the AML/ CFT Sanctions Rules, 2020 (**the AML/CFT Rules**) for failure to comply with Regulation 25(1)(a) of the AML Regulations. The Company is a Trading Right Entitlement Certificate (**TREC**) holder of Pakistan Stock Exchange (**PSX**) and is licensed as securities broker by the Commission.

2. The brief facts of the matter are that Inspection of the Company was carried out vide Inspection Notice No.T363 dated November 04, 2024 by the Joint Inspection Team (**the "JIT"**), comprising officials from Pakistan Stock Exchange (**PSX**), Central Depository Company of Pakistan Limited (**CDC**) and National Clearing Company of Pakistan Limited (**NCCPL**) for ascertaining the compliance status of the Company with the requirements of the AML Regulations for the period **August 1, 2024 to October 31, 2024 (the Inspection Period)**. The JIT vide letter dated December 06, 2024 shared its findings with the Company and the reply dated December 16, 2024 received thereon were included in the Inspection Report dated January 22, 2025, which revealed that in the following eight (08) corporate clients, the Company had not mentioned the details of board of directors and ultimate beneficial ownership into its database, showing that the screening procedures have not been effectively implemented, which is, *prima facie*, violation of the requirements of Regulation 25(1)(a) of AML Regulations.

S.N#	CDC Code
1	1877
2	2800
3	2867
4	3907
5	3915
6	3923
7	3931
8	7503

3. The mandatory legal provisions of the AML/CFT Regulations are reproduced as under:

Regulation 25(1)(a) of the AML/CFT 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."

4. While taking cognizance of matter, SCN was issued to the Company, calling upon it to show the cause in writing as to why penalty as provided under Regulation 31 of the AML Regulations read with Rules 4(1)(a) and 6(1) of the AML/CFT Rules and Section 6(A)(2)(h) of the AML Act, may not be imposed on it for contravening the above-mentioned provisions of the law. In response to the SCN, CEO of the Company vide letter dated April 08, 2025, *inter alia*, submitted as under:

1. S.N#1- CDC Code# 1877

CDC Code# 1877 was one of our sister concerns. The Company was not in operation for more than ten years. Agromet Commodities also applied to SECP for striking of the Company under Companies (Easy Exit) Regulations, 2014 and now Company dissolved as per SECP notification # ARL/KHI/122 dated August 8, 2023 (copy enclosed). CDC Code# 1877 PMEX licence is now transferred into AHM Securities (Pvt.) Ltd.

2. S.N#2 - CDC Code# 2800

CDC Code# 2800 is not an active client and they have not traded more than last five years. They are not in contact with us hence we are unable to complete their BoD details/verisys in our database.

3. S.N#3-CDC Code# 2867

CDC Code# 2867 is not an active client and they have not traded more than last five years. They are not in contact with us, hence we are unable to complete their BoD details/verisys in our database.

4. S.N#4-CDC Code# 3907

CDC Code# 3907 is not an active client and they have not traded more than last two years. They are not in contact with us, hence we are unable to complete their BoD details/verisys in our database.

5. S.N#5-CDC Code# 3915

CDC Code#3915 is not an active client and they have not traded more than last two years. They are not in contact with us, hence we are unable to complete their BoD details/verisys in our database.

6. S.N#6-CDC Code# 3923

CDC Code# 3923 is not an active client and they have not traded more than last two years. They are not in contact with us, hence we are unable to complete their BoD details/verisys in our database.

7. S.N#7-CDC Code# 3931

CDC Code# 3931 is not an active client and they have not traded more than last two years. They are not in contact with us, hence we are unable to complete their BoD details/verisys in our database.

8. S.N#8-CDC Code# 7503

We are in the process of updating BoD details/verisys of CDC Code# 7503 in our database and will provide you as soon as it is available.

Further, we would like to inform you that we have already applied for Nadra Biosys (An API based verification based on fingerprints against NADRA issued card number), which is required for screening procedures. We assure you that once we get Nadra Biosys application, we will perform the screening procedures of the above-mentioned clients and will provide you the same as soon as possible....

5. In order to provide the Company an opportunity of personal representation, hearing in the matter was fixed for April 25, 2025, which was attended by Mr. Hammad Tahir (CEO of the Company) as the Authorized Representative (the "AR") of the Company. The AR reiterated the same stance as taken in letter dated April 08, 2025. Furthermore, he requested that the instance matter be condoned and a lenient view may be taken in the instant matter.

6. I have examined the facts of the case in light of the applicable provisions of the law, written as well as verbal submissions and arguments of the AR. At this juncture, it is imperative to address the legal and factual aspects concerning eight (08) corporate clients. The Company vide its email dated April 30, 2025, attaching a letter of the same date, furnished information pertaining to the identified clients. It has been revealed that:

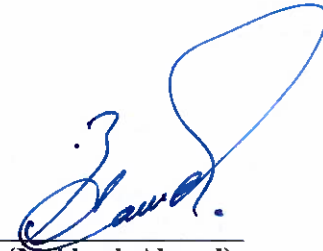
a) In respect of corporate clients having CDC Codes# 1877 it has been noted that in respect of application filed under Companies (Easy Exit) Regulation 2014, notice under section 426(2) issued to afore-said client on August 10, 2023 i.e. before the period of inspection and Company furnished CDC activity report which reflect nil activity of aforementioned client, therefore, no action is warranted.

b) In respect of corporate clients having CDC Codes# 2800, 2867, 3907, 3915, 3923 and 3931, the Company admitted in its response that "we have already applied for Nadra Biosys (An API based verification based on fingerprints against NADRA issued card number), which is required for screening procedures. We assure you that once we get Nadra Biosys application, we will perform the screening procedures of the above-mentioned clients and will provide you the same as soon as possible". However, this justification is not acceptable, as screening procedures necessitate prior identification and verification of all-natural persons who ultimately own or control the client i.e. the details of beneficial owners. Without beneficial ownership information of the aforementioned clients in Company's database, the Company cannot conduct effective screening. Thus, failure to obtain and verify information pertaining to the identified corporate client's beneficial owners directly impairs the Company's ability to implement effective screening and monitoring procedures in accordance with the requirements to detect any matches or potential matches against designated/proscribed persons as per the SROs and notifications issued by MOFA, NACTA, and MOI. This constitutes a violation of Regulation 25(1)(a) of the AML Regulations. However, it is noted that the afore-mentioned client account has remained dormant since April-2022 to April-2025, and provided supporting evidence in the form of the CDC activity report. Nevertheless, the Company is advised to take appropriate measures in terms of Regulation 20 of the AML Regulations to deactivate/block the account of the identified dormant/inoperative accounts to ensure compliance with the AML framework.

c) In respect of corporate client associated with CDC code# 7503, the Company has furnished undated KYC application forms of the Chairperson, MD/CEO and Chief Investment Officer, from which it cannot be ascertained that the afore-said documents were available at the time of Inspection. The Company, inter alia, stated that *"we have already applied for Nadra Biosys (An API based verification based on fingerprints against NADRA issued card number), which is required for screening procedures. We assure you that once we get Nadra Biosys application, we will perform the screening procedures of the above-mentioned clients and will provide you the same as soon as possible"*. The response of the Company is not cogent, as screening procedures necessitate prior identification and verification of all-natural persons who ultimately own or control the client i.e. the details of beneficial owners. Without beneficial ownership information of the afore-mentioned client in its database, the Company cannot conduct effective screening. Thus, failure to obtain and verify information pertaining to the identified corporate client's beneficial owners directly impairs the Company's ability to implement effective screening and monitoring procedures in accordance with the requirements to detect any matches or potential matches against designated/proscribed persons as per the SROs and notifications issued by MOFA, NACTA, and MOI. This constitutes a violation of Regulation 25(1)(a) of the AML Regulations.

7. In view of foregoing, non-compliances/contraventions of Regulation 25(1)(a) of the AML Regulations has been established and admitted. However, considering the fact that seven (07) of the clients' accounts are dormant, substantiated by the relevant CDC activity reports and in one (01) case, only the KYC application form has been furnished, a lenient view is deemed appropriate under the circumstances. Accordingly, in exercise of the powers conferred upon me under Section 6(A)(2)(h) of the AML Act, read with Rules 4(1)(a) and 6(1) of the AML/CFT Rules, Regulation 31 of the AML Regulations and S.R.O. 827(1)/2022 dated June 09, 2022. I, hereby, impose a penalty of **Rs.70,000/- (Rupees Seventy Thousand only)** on the Company on account of established defaults. Further, the Company is also advised to ensure meticulous compliance with all applicable laws in true letter and spirit, henceforth.

8. 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.



(Mahboob Ahmad)

Additional Director / Head of Wing
Licensed Entities - Adjudication Department-I

Announced:
May 15, 2025
Islamabad.