



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

ORDER	
Name of Company:	<b>The Pakistan General Insurance Company Limited</b>
Show Cause Notice No. & Date:	No. ID/Enf/PGI/2025-635 dated June 12, 2025
Date(s) of Hearing(s):	August 11, 2025
Case Represented by:	Mr. Muhammad Asif Paryani, Legal Counsel <i>(As the Authorized Representative on behalf of the Respondent)</i>
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
Date of Order:	November 13, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission") through Show Cause Notice No. ID/Enf/PGI/2025-635 dated June 12, 2025 ("SCN") against **The Pakistan General Insurance Company Limited** (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 Regulations 4 and Regulation 25 of the AML Regulations read with Clauses A, B and D of SRO 920(I)/2020 dated September 28, 2020 (the "SRO 920"), as amended vide SRO197(I)/2021 dated February 12, 2021 (the "SRO 197").

2. The provisions of Regulation 4 of the AML Regulations mandate the regulated persons to take appropriate steps 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. Furthermore, Regulation 4 of the AML Regulations *inter alia* requires the regulated persons to document their risk assessments and have appropriate mechanisms to provide risk assessment information to the Commission.

3. The provisions of Regulation 25 of the AML Regulations *inter alia* mandate the regulated persons to 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 SROs and notifications issued by Ministry of Foreign Affairs (MoFA), NACTA and Ministry of Interior (MoI).

4. In terms of Clause (r) of Regulation 3(1) of the AML Regulations, Insurance companies are included within the scope of the Regulated Entities. Accordingly, the Commission issued S.R.O. 920(I)/2020 dated September 28, 2020 (the "SRO 920"), as amended vide S.R.O. 197(I)/2021 dated February 12, 2021 (the "SRO 197"), 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 31<sup>st</sup>, to be filed by April 30<sup>th</sup> of each financial year ("FY") ...**

**B. Quarterly information/ data on 30<sup>th</sup> of the subsequent month of every quarter; and**

**D. Compliance report on Statutory Regulatory Orders issued by the MoFA under United Nations (Security Council) Act, 1948 or intimation from National Counter Terrorism Authority/Law Enforcement Agencies/Home Departments of Provinces/Ministry of Interior regarding updates in the list of proscribed person(s)/entity(ies) under the Anti-Terrorism Act, 1997, shall be submitted to the Commission within forty eight (48) hours of receiving the same in the manner as may be instructed from time to time by the Commission.**

5. The brief facts of the case are that the Company was licensed on January 1, 2001 by the Commission to undertake non-life insurance business in Pakistan and thus, the Company is a regulated person as per definition stated at Clause (r) of Regulation 3(1) of the AML Regulations.

a) During the review of the compliance of the Company with the aforesaid requirements of the SROs **from August 29, 2024 to May 26, 2025**, it was observed that the Company failed to submit the annual risk assessment as well as the reports on quarterly data/information, which, *prima facie*, constitutes contraventions of Clauses A and B of SRO 920 read with SRO 197 and Regulation 4 of the AML Regulations, as detailed hereunder:

<b>Requisite Submission under Clause A</b>	<b>Due Date</b>	<b>Submission Date</b>	<b>Submission Status</b>
Annual Risk Assessment Report-2025	30-Apr-25	-	Not Submitted
<b>Requisite Submission under Clause B</b>	<b>Due Date</b>	<b>Submission Date</b>	<b>Submission Status</b>
3 <sup>rd</sup> Quarter 2024 AML information/data report	31-Oct-24	-	Not Submitted
4 <sup>th</sup> Quarter 2024 AML information/data report	31-Jan-25	-	Not Submitted
1 <sup>st</sup> Quarter 2025 AML information/data report	30-Apr-25	-	Not Submitted

b) The Company also failed to submit its compliance reports in respect of **142 Statutory Regulatory Orders** (as highlighted in Annexure A to the SCN), which, *prima facie*, constitutes contravention of the requirements of Clause D of SRO 920 read with Regulation 25(1)(a) of the AML Regulations.

6. The Commission, vide letter dated February 25, 2025 advised the Company to furnish the aforesaid overdue information/reports, as required under SROs. Moreover, a letter, in this regard, was also sent vide an email dated February 27, 2025, followed by a reminder dated March 14, 2025. In response, the Company vide letter and email dated March 14, 2025 requested for grant of an extension of 15 days for submission of the overdue information/reports. Accordingly, the Commission vide email dated March 17, 2025 communicated that no such provision exists in the AML regulatory framework, which allows extension in time for submission of the aforesaid information/reports; hence, immediate compliance was advised. However, no response was received from the Company and afterwards, upon review of the AML portal of the Commission, it was noted that the Company did not file any of the above mentioned overdue information/reports. Furthermore, despite issuance of a reminder vide an email dated April 15, 2025 to the Company to comply with Clause A of SRO 920 read with SRO 197 by April 30, 2025, the Company failed to submit the annual risk assessment for FY 2025.

7. The aforementioned non-compliances attract the penal provisions contained in Section 6A(2)(h) of the AML Act and Rules 4(1)(a) and 6(1) of the AML Sanctions Rules read with Regulation 31 of the AML Regulations. The relevant provisions of the 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;"*

**Rules 4(1)(a) of the AML Sanctions Rules:**

*"(a) Impose a monetary penalty in accordance with these Rules;"*

**Rule 6(1) of the AML Sanctions 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."*

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

*"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."*

**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 31<sup>st</sup> 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.*

*B. Quarterly information/ data on 30th of the subsequent month of every quarter, containing the following information:*

- a) *Extracts of the discussion / deliberations on ML/TF risks and issues, by board of directors and/or management committees;*
- b) *Number of new customer accounts opened during the period according to risk categorizations i.e. high, medium and low and their respective investment amount;*
- c) *Total number of foreign and domestic politically exposed persons ("PEP") and their total value of investments/deposits/financing etc. during the period;*
- d) *Number of accounts/transactions closed and rejected for non-compliance of Customer Due Diligence ("CDD") process and due to identification in proscribed person/Targeted Financial Sanction ("TFS");*
- e) *Documentation of any activity for which a Suspicious Transaction Report ("STR") was considered but not filed along with rationale, during the period;*
- f) *Copies of reports/mechanism to identify unusual transactions warranting further review;*
- g) *Number of suspicious transactions, attempted transactions and currency transaction reports submitted to Financial Monitoring Unit ("FMU");*
- h) *Detail of complaints received on account of Know Your Customer ("KYC") / AML, including its status i.e. in process/ resolved / closed, during the period;*
- i) *Details of trainings conducted on AML/CFT for new and existing staff including number of participants and topics covered;*
- j) *Number of customers transferred from one risk category to another and their amount of investments;*
- k) *Confirmation of having an automatic Transaction Monitoring System ("TMS") or otherwise? If yes, the name of TMS used;*
- l) *Do you have automatic name screening solution? If yes, then what is the name of screening solution? If not, what are your future plans w.r.t. to automation;*
- m) *Upgradation in AML CFT policies/manuals during the reporting period;*
- n) *How much human resource is deployed for AML CFT and Compliance Function? Details of increase in number of employees during the period.*

*D. Compliance report on Statutory Regulatory Orders issued by the Ministry of Foreign Affairs under United Nations (Security Council) Act, 1948 or intimation from National Counter Terrorism Authority /Law Enforcement Agencies/Home Departments of Provinces/Ministry of*

*Interior regarding updates in the list of proscribed person(s)/entity(ies) under the Anti-Terrorism Act, 1997, shall be submitted to the Commission within forty-eight (48) hours of receiving the same in the manner as may be instructed from time to time by the Commission.*

*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 31<sup>st</sup> July' the expression '31<sup>st</sup> March, to be filed by 30<sup>th</sup> April' shall be established."*

8. Taking cognizance of the alleged violations of law, a SCN was served upon the Company calling upon it to show the cause in writing as to why penal action may not be taken against it under Section 6A(2)(h) of the AML Act and Rules 4(1)(a) and 6(1) of the AML Rules read with Regulation 31 of the AML Regulations for contravening the aforesaid requirements of the law. In response to the SCN, Mr. Muhammad Asif Paryani, Authorised Representative/Legal Counsel of the Respondent vide email dated July 14, 2025 requested for an extension in date of submission of the reply, which was duly granted by the Commission.

9. Subsequently, the Authorised Representative/Legal Counsel vide email dated July 17, 2025 submitted the response to the SCN on behalf of the Respondent, wherein, *inter alia*, the following submissions were made:

*I. Preliminary Objection: Challenge to the Lawful Authority for Issuance of SCN and Conduct of Proceedings*

*(i) Derivation of SECP's AML/CFT/CPF Regulatory Authority:*

*The Securities and Exchange Commission of Pakistan (SECP) has, indeed, promulgated the Securities and Exchange Commission of Pakistan (Anti Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing) Regulations, 2020 (hereinafter "SECP AML Regulations"), through S.R.O. 921 (I)/2020 dated September 28, 2020. It is acknowledged that these Regulations were expressly issued in exercise of the powers purportedly conferred upon the SECP by virtue of Section 6A of the Anti-Money Laundering Act, 2010 (Act No. VII of 2010) (hereinafter "the AML Act").*

*(ii) Absence of Express Delegation Authority within the AML Act:*

*A meticulous and thorough examination of the AML Act, 2010, unequivocally reveals a conspicuous absence of any statutory provision empowering the Securities and Exchange Commission of Pakistan to delegate its functions or powers, particularly those pertaining to the enforcement, adjudication, or trial of offenses stipulated under the said Act or any regulations framed thereunder, to individual Commissioners, officers, or departments. In the absence of an explicit statutory conferment of delegation authority within the AML Act, any action purporting to exercise such powers must, by operation of law, be exclusively undertaken by the SECP as a collegiate body, in strict adherence to the well-established legal maxim of *delegatus non potest delegare* (a delegate cannot further delegate).*

*(iii) Inapplicability of Delegation Provisions under the SECP Act, 1997:*

*While Section 10 of the Securities and Exchange Commission of Pakistan Act, 1997 (Act No. XLII of 1997) (hereinafter "the SECP Act"), generally permits the Commission to*

delegate its functions and powers under the SECP Act or any administered legislation to Commissioners or other officers, this general power of delegation is inherently circumscribed by the defined scope of "administered legislation." It is of paramount importance to note that Schedule-I of the SECP Act, which exhaustively enumerates the administered legislation under which the Commission's delegation powers may be legitimately exercised, conspicuously omits any mention of the Anti-Money Laundering Act, 2010. This critical omission unequivocally signifies that the delegation provisions enshrined in the SECP Act, 1997, do not, by any legal construction, extend to powers derived from the AML Act, 2010.

*(iv) Consequence of Ultra Vires Action:*

*In light of the aforementioned legal exposition, the issuance of the SCN by the Head of Wing, Adjudication-1, under a purported delegation of authority concerning alleged violations of the AML Act, 2010, or the SECP AML Regulations, 2020, is beyond his authority. Consequently, the SCN No. ID/Enf/PGI/2025-635 dated June 12, 2025, and the Hearing Notice No. ID/Enf/PGI/2025-702 dated July 11, 2025, having been issued and convened without proper statutory delegation, are beyond authority, fundamentally flawed, legally untenable, and ab initio void. We believe that they therefore possess no legal value, binding effect, or enforceability upon the Company.*

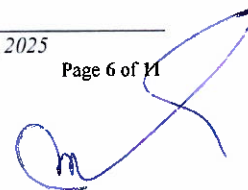
*(v) Judicial Precedent on the Doctrine of Delegated Powers and Ultra Vires: The principle that statutory powers, particularly those imbued with penal consequences, cannot be delegated without explicit statutory authorization, constitutes a cornerstone of administrative law in Pakistan, consistently affirmed and rigorously upheld by the Hon'ble Superior Courts. The legal maxim delegatus non potest delegare unequivocally dictates that a statutory body or person, to whom power has been delegated by legislative enactment, is precluded from further delegating that power unless the enabling statute itself expressly provides for such sub-delegation. Numerous pronouncements from the Hon'ble Supreme Court and High Courts of Pakistan have consistently affirmed this fundamental principle, holding that any action undertaken by a sub-delegate in the absence of such express statutory authority is ultra vires and devoid of legal effect. In support of our argument, we therefore rely on the following judgments i.e. Muhammad Ashraf Tiwana and others vs. Pakistan and others (2013 SCMR 1159), Mir Shabbir Ali Khan Bijarani and others vs. Federation of Pakistan (PLD 2018 Sindh 603), Chairman, Regional Transport Authority, Rawalpindi v. Pakistan Mutual Insurance Company, Rawalpindi (PLD 1991 SC 14), Khalid Mahmood vs. N.-W.F.P. (PLD 2011 Peshawar 120), WP No. 990-M/2019 decided by Peshawar High Court vide Order dated May 24, 2022.*

*II. Without Prejudice to Above Submissions: Contextual Background and Request for Time for Comprehensive Compliance:*

*Without prejudice to the preliminary objection concerning the invalidity and ab initio void nature of the SCN and the associated proceedings, and demonstrating the Company's unwavering commitment to achieving and maintaining robust regulatory compliance, we respectfully submit the following for the Commission's judicious consideration:*

*(i) Conditional Revocation of Direction under S. 63 of the Insurance Ordinance, 2000:*

*It is imperative to apprise the esteemed Commission that the direction issued under Section 63(1) of the Insurance Ordinance, 2000, which had previously imposed significant operational constraints upon the Company, was conditionally revoked by the Commission through its letter Ref: ID/PRDD/024-RA/2024/3145 dated March 29, 2024. This conditional*



revocation was subsequently affirmed and further conditions stipulated vide letter Ref: ID/PRDD/024- RA/2024/3316 dated August 29, 2024.

(ii) *Transition of Management and Resumption of Comprehensive Operations:*  
The current management assumed control and oversight of the Company's affairs in August 2024. Subsequent to the conditional revocation of the Section 63 (Insurance Ordinance) direction, the Company has embarked upon a comprehensive and strategic process of re-establishing its business operations. This critical phase necessitates, inter alia, the meticulous recruitment and onboarding of highly qualified and experienced personnel across pivotal departments, including Compliance, Operations, and Finance.

(iii) *Justification for Extension – A Conducive Approach to Enhanced Compliance:*  
The allegations delineated within the SCN, irrespective of their legal standing, pertain to complex regulatory requirements that demand a meticulous and holistic review of the Company's operational landscape and compliance mechanisms. The current management, having recently assumed leadership and diligently working towards full operationalization and the establishment of robust compliance protocols, requires an adequate period to:

- (a) Conduct a thorough and exhaustive internal assessment of the specific matters and alleged deficiencies raised in the SCN.
- (b) Implement any necessary and systemic enhancements to the existing AML/CFT/CPF framework, ensuring best practices.
- (c) Ensure that all reporting mechanisms are fully aligned with, and demonstrably compliant with, the prevailing regulatory directives, including S.R.O. 920 (I)/2020 and S.R.O. 197 (I)/2021.
- (d) Provide comprehensive training and sensitization to relevant staff regarding the intricate requirements and latest developments in AML/CFT/CPF compliance.

Therefore, without derogating from our primary legal contention regarding the vires of the SCN, and in furtherance of the Company's profound commitment to achieving and demonstrating exemplary compliance standards, we respectfully solicit a period of four (4) months from the date of this response. This extension is deemed indispensable to enable the Company to effectively and efficiently address all facets of the reported matters and ensure comprehensive, sustainable compliance with all extant laws and regulations.

10. In order to provide an opportunity for personal representation and to meet the ends of justice, a hearing in the matter was fixed for August 11, 2025, which was attended by Mr. Muhammad Asif Paryani, Legal Counsel, who appeared as the Authorized Representative on behalf of the Respondent (the "Authorized Representative"). During the course of the hearing, the Authorized Representative reiterated the submissions and arguments made in the written reply dated July 17, 2025. The Authorized Representative argued that assumption of jurisdiction in the instant matter is not lawful as the powers to issue the SCN in the instant matter cannot be delegated in terms of the provisions of Section 10 of the SECP Act, 1997. The Authorized Representative apprised that the Company is making efforts to ensure compliance with the applicable provisions of the AML regulatory framework and assured that the compliance reports in respect of Statutory Regulatory Orders, as highlighted in the SCN, would be submitted to the Commission within two (2) weeks.

11. Subsequent to the hearing, the Authorised Representative/Legal Counsel of the Respondent, vide email dated August 21, 2025, *inter alia*, submitted as under:

*The Company duly acknowledges the guidance provided by the Adjudicating Officer during the hearing, advising a submission detailing the progress on AML/CFT compliance. In compliance with this direction, we respectfully submit the following report on the substantial measures and*

significant progress the Company has undertaken to strengthen its AML/CFT framework. The Company's actions demonstrate its unwavering commitment to ensuring full and sustainable compliance with all extant regulations, including the reporting requirements under SRO 920(I)/2020 and SRO 197(I)/2021.

#### *I. Progress on Compliance Measures*

##### *(i) Board Approval of AML/CFT Policy and Compliance Manual:*

*The Company has developed and received formal Board approval for a comprehensive AML/CFT Policy and Compliance Manual. This document provides a robust framework covering internal controls, Customer Due Diligence (CDD/KYC) procedures, a risk-based approach for client profiling, and clear escalation and reporting channels.*

##### *(ii) Engagement of a Qualified Compliance Officer and Dedicated Department:*

*A qualified and experienced Compliance Officer has been engaged to lead all AML/CFT initiatives. A dedicated Compliance Department has been constituted under this officer's supervision to oversee all regulatory submissions, monitor compliance with SROs and Notifications, and ensure strict adherence to SECP's AML/CFT requirements in all customer processes including completion of Annual Risk Assessment.*

##### *(iii) Comprehensive Employee Training Program:*

*Recognizing that effective compliance relies on an informed staff, the Company has initiated a program of regular training sessions for employees at all levels. These trainings cover essential topics such as applying risk-based approach, CDD/EDD, suspicious transaction identification, handling of Politically Exposed Persons (PEPs), and sanctions screening procedures.*

##### *(iv) Establishment of an Independent Audit Function:*

*An independent internal audit function has been established to review the effectiveness of the AML/CFT policies and controls. This function will periodically evaluate compliance gaps and submit findings directly to the Board Audit Committee, ensuring continuous improvement.*

##### *(v) FMU Registration and Automated Compliance System:*

*The Company is in the final stages of completing its registration with the Financial Monitoring Unit (FMU) to enable the timely filing of Suspicious Transaction Reports (STRs) and Currency Transaction Reports (CTRs), where applicable. Concurrently, the deployment of an automated compliance system has been initiated to ensure real-time screening of all clients against relevant sanctioned lists and to facilitate accurate reporting.*

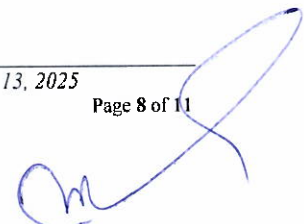
#### *II. Compliance on SROs:*

*In addition to the systemic improvements detailed above, the Company has also completed the submission of its compliance reports in respect of all the SROs/Notifications that were previously outstanding from the date of revival of the company. This submission addresses the requirements of Clause D of SRO 920, as noted in the SCN. We confirm that all relevant reports have now been filed with the Commission's AML Portal.*

#### *III. Request for a Lenient View:*

*We humbly and respectfully request that a lenient and sympathetic view be taken in this matter. We believe that the Company's proactive and significant remedial actions should be given due consideration and weight in the final adjudication of this SCN.*

12. I have gone through the relevant provisions of Clauses A and B of SRO 920 (as amended vide SRO 197) read with Regulation 4 of the AML Regulations and Clause D of SRO 920 (as amended vide



SRO 197) read with Regulation 25(1)(a) of the AML Regulations and considered the facts of the case, available record of the Respondent as well as the written and verbal submissions made by the Authorized Representative and have observed as under:

- (a) The Respondent has contended that the Commission cannot delegate powers under the AML Act to its Commissioners or officers as the AML Act is not included in Schedule I of the SECP Act as an administered legislation. The Respondent has further submitted that Section 10 of the SECP Act empowers the Commission to delegate functions or powers conferred on it under an administered legislation or the SECP Act only. In support of its argument that the SECP cannot delegate its powers under the AML Act, the Respondent has placed reliance on the case law cited as Muhammad Ashraf Tawana vs SECP (2013 SCMR 1159); Mir Shabbir Ali Khan Bijarani and others vs. Federation of Pakistan (PLD 2018 Sindh 603); Chairman, Regional Transport Authority, Rawalpindi vs. Pakistan Mutual Insurance Company, Rawalpindi (PLD 1991 SC14); Khalid Mahmood vs. N.W.F.P. (PLD 2011 Peshawar 120).

In this regard, it is observed that the AML Act is a special law for prevention of money laundering and combating financing of terrorism, which was enacted through an Act of the Parliament and Schedule-IV thereto was added vide amendment in the AML Act, which was duly notified in official Gazette vide Notification No. F.22(50)/2020-Legis dated September 24, 2020. Clause (ii) of Schedule-IV to the AML Act explicitly declares the Commission as the AML/CFT Regulatory Authority for reporting entities licensed or regulated by it under any administered law. Pursuant to Section 6A of the AML Act, the AML/CFT regulatory authority shall exercise the powers and perform the functions as set out in the AML Act and as prescribed thereunder.

In terms of Section 10 of the SECP Act, the Commission is fully empowered to delegate its functions or powers under the SECP Act or any administered legislation (inserted through SECP Amendment Act, 2016 dated August 6, 2016) to one or more Commissioners or any officer of the Commission. Therefore, the delegation of functions and powers under the AML Act to its officers is rightly and duly made and notified by the Commission. In view thereof, the Respondent's assertion is not tenable being a misconceived notion.

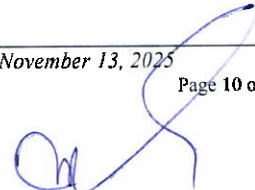
Further, the facts of the cited case law (Muhammad Ashraf Tawana vs SECP) are not relevant to the merits and facts of the instant case as it has been held in the case law that hiring and firing of employees is a highly significant matter involving personal judgement of the Commissioners and Chairman and insertion of an exclusive Section 8 in the SECP Act on "Appointment of employees of the Commission" has made it clear that it is not an ordinary function of the Commission, therefore, the Commission cannot delegate such powers to individuals. However, the Respondent's case falls under the ordinary and routine functions of the Commission, therefore, the powers to exercise such function have been specifically delegated under Section 10 of the SECP Act. In view thereof, the Respondent's assertion is not tenable being a misconceived notion.

- (b) With regards to submissions of the Respondent that subsequent to revocation of the direction issued by the Commission in terms of Section 63 of the Ordinance to cease its new insurance business, the Respondent has fully complied with the stipulated conditions as imposed by the Commission vide letters dated March 29, 2024 and August 29, 2024, it is noted that after the restoration of its new insurance business w.e.f. August 29, 2024, the Respondent, as a Regulated Person, was definitely required to discharge its statutory obligations under the AML regulatory framework to submit the Annual

Risk Assessment, quarterly reports and compliance reports in respect of Statutory Regulatory Orders in addition to ensuring compliance with other applicable provisions of the law. However, the Respondent failed to submit the annual risk assessment for the period ended March 31, 2025, quarterly reports for the quarters ended September 30, 2024, December 31, 2024 and March 31, 2025 and compliance reports in respect of 142 Statutory Regulatory Orders.

- (c) The Respondent while apprising the latest progress made by the Company on the AML compliance measures submitted vide email dated August 21, 2025 that the Respondent has now developed and received formal approval of the Board of Directors for a comprehensive AML/CFT Policy and Compliance Manual. Moreover, a qualified and experienced Compliance Officer has been engaged to lead all AML/CFT initiatives. Furthermore, a dedicated Compliance Department has been constituted under the supervision of the Compliance Officer to oversee all regulatory submissions, monitor compliance with SROs/Notifications, and ensure strict adherence to SECP's AML/CFT requirements in all customer processes including completion of Annual Risk Assessment. However, it has been noted that despite taking these measures, the Respondent has not been able to subsequently file the annual risk assessment for the period ended March 31, 2025, quarterly reports for the quarters ended September 30, 2024, December 31, 2024 and March 31, 2025 and compliance reports in respect of 142 Statutory Regulatory Orders.
- (d) It is pertinent to underscore that the provisions of Clause A of SRO 920 (as amended vide SRO 197) read with Regulation 4 of the AML Regulations impose a mandatory obligation on all Regulated Persons including insurance companies to prepare and file the Annual Risk Assessment within the due date. Pursuant to Clause B of SRO 920 (as amended vide SRO 197) read with Regulation 4 of the AML Regulations, the Respondent was required to prepare and file the quarterly report on information/data as prescribed therein within the due date. These reports are central to the risk-based AML regulatory framework and are designed to ensure that Regulated Persons adequately identify, assess and mitigate money laundering and terrorism financing risks. The compliance status of the Respondent is as under:
- i) The Respondent was required to file its Annual Risk Assessment Report for the period ended March 31, 2025 with the Commission by April 30, 2025; however, the Respondent has failed to submit the same despite expiry of an ample time beyond due date.
  - ii) Further, the Respondent was required to file its quarterly reports for the quarters ended September 30, 2024, December 31, 2024 and March 31, 2025 by October 31, 2024, January 31, 2025 and April 30, 2025, respectively; however, none of these quarterly reports were filed till date.
  - iii) The Authorised Representative vide letter dated August 21, 2025 has stated that compliance reports in respect of Statutory Regulatory Orders, which were outstanding since date of restoration of new insurance business of the Company, have now been submitted as part of the measures taken by the Respondent to strengthen its AML/CFT compliance. However, as per the information received from the relevant department of the Commission, none of these compliance reports has been filed till date in respect of Statutory Regulatory Orders issued during the referred period i.e. August 29, 2024 to May 26, 2025.

As a licensed insurance company, the Respondent was under a clear and unequivocal legal obligation to understand and ensure timely compliance with the aforesaid




applicable provisions of the law. However, the Respondent failed to ensure the compliance within the stipulated timelines.

13. In view of the foregoing position, non-compliance/contravention of the requirements of provisions of Clauses A and B of SRO 920 (as amended vide SRO 197) read with Regulation 4 of the AML Regulations and Clause D of SRO 920 (as amended vide SRO 197) read with Regulation 25(1)(a) of the AML Regulations has been established, which attracts 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. I, therefore, in exercise 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(1)/2022 dated June 09, 2022, impose a penalty of **Rs. 190,000/- (Rupees One Hundred Ninety Thousand Only)** on the Company on account of established default. The Respondent/Company is also advised to ensure meticulous compliance with all the requirements of the AML Regulations in future.

14. The Respondent/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.

15. Without prejudice to the above, in case the Respondent is aggrieved by this Order, the Respondent may, within thirty (30) days of the date of this Order, prefer to file review application in terms of Section 32B of the Securities and Exchange Commission of Pakistan Act, 1997 ("SECP Act") or may prefer to file an appeal to Appellate Bench of the Commission in terms of Section 33 of the SECP Act 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.



(Manboob Ahmad)

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

**Announced:**  
November 13, 2025  
Islamabad.