



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

ORDER	
Name of Company:	M/s. Neem Exponential Financial Services (Private) Limited
Show Cause Notice No. & Date:	SCD/ADJ-I/NEFS/153/24-619 dated June 10, 2025
Date(s) of Hearing(s):	(i) July 09, 2025; (ii) July 18, 2025; and (iii) August 13, 2025
Case Represented by:	Mr. Faisal Rasheed Ghouri, Advocate High Court (As the Authorized Representative 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:	September 11, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the “**Commission**”) through Show Cause Notice No. SCD/ADJ-I/NEFS/153/24-619 dated June 10, 2025 (“**SCN**”) in the matter of M/s. Neem Exponential Financial Services (Private) 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**”).

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. In terms of Clause (r) of Regulation 3(1) of the AML Regulations, Non-Banking Finance Companies (NBFCs) are included within the scope of regulated persons. Furthermore, the aforesaid 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. 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 (including NBFCs) 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> each financial year (“FY”);**

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

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

“(2) AML/CFT regulatory authority shall exercise and perform the following powers and functions with respect to its reporting entities, namely: —

(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 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.

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 Clause 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."*

4. The brief facts of the case are that the Company was incorporated on June 10, 2021 as a public unlisted company under the Companies Act, 2017 and was licensed on December 15, 2022 by the Commission as a NBFC to carry out Investment Finance Services. The Company is a regulated person as per the definition provided under the AML Regulations as well as within the scope defined under the SRO 920.
5. The review of the record available with the Commission transpires that since the issuance of the Company's NBFC license on December 15, 2022, the Company has 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
2023	December 15, 2022 to March 31, 2023	30-Apr-2023	Not Submitted
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

6. In order to ascertain the matter, the Commission vide letter dated February 25, 2025, advised the Company to furnish the overdue filings as required under Clause A of the SRO 920 (as amended vide the SRO 197). This was also followed by a reminder dated March 13, 2025. In response, the Company vide letter dated March 19, 2025, requested a fifteen (15) days extension for submission of the Compliance Reports, which was not acceded to and communicated to the Company vide email dated March 20, 2025 with an explanation that no provision for extension exists under the AML regulatory framework and immediate compliance was advised. Furthermore, reminders were also issued by the Commission vide emails dated April 08, 2025 and April 15, 2025, to comply with Clause A of the SRO 920 in conformance with SRO 197; however, despite repeated reminders, the Company did not submit its Compliance Reports.

7. Taking cognizance of the matter, a SCN was served upon the Company to show the cause in writing as to why penal action may not be taken against it for alleged 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. However, the Company failed to submit any response within the stipulated time.

8. In order to provide an opportunity for personal representation and to meet the ends of justice, a notice dated July 02, 2025 was issued to the Company for the hearing fixed on July 09, 2025. In response, the Chief Executive Officer (CEO) of the Company, vide letter dated July 08, 2025, requested an extension for submission of the reply to SCN; moreover, the hearing was not attended by the Company.

9. Subsequently, the CEO vide letter dated July 17, 2025, *inter alia*, submitted as under:

*As a result of unintentional oversight caused largely from the turnover of key personnel within the financial and compliance departments of the Company, the Company was unable to make the necessary filing at the relevant time. As soon as the Company became aware of the alleged non-compliance, the Company forthwith proceed to make the necessary compliance for the year 2023, 2024 and 2025.*

*The delay was neither willful nor deliberate, as it was merely result of oversight and was never intended to be a willful breach of the provisions of the AML Regulations and the relevant SROs. It is requested to take a lenient view and condone the delay, as the Company shall continue to strive to ensure on the time and up to date compliance in accordance with the provisions of the AML Regulations and the relevant SROs.*

10. Another hearing in the matter was fixed for July 18, 2025, which was again not attended by the Company. In order to meet the ends of justice, a final hearing was fixed for August 13, 2025, with a clear advice that no further adjournment requests will be entertained and that, in case of non-appearance, an ex-parte order will be passed based on the record available with this office. On date of hearing, Mr. Faisal Ghouri, Advocate High Court, appeared as the Authorized Representative of the Company (**the "Authorized Representative"**). During the course of hearing, the Authorized Representative, while reiterating the aforesaid reply, admitted the default and requested to condone the delay by taking a lenient view in the matter.

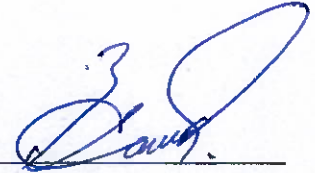
11. I have gone through the relevant provisions of Regulation 4 of the AML Regulations read with Clause A of the SRO 920 (as amended vide the SRO 197) and considered the facts of the case, available record of the Company, as well as the written and the verbal submission made by the Authorized Representative. 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 highlight that the provisions of Regulation 4 of the AML Regulations read with Clause A of SRO 920 (as amended vide SRO 197) impose a mandatory obligation on all regulated persons to timely file their Compliance Reports. These reports are central to the AML/CFT regulatory framework and are designed to ensure that regulated persons adequately identify, assess, and mitigate money laundering and terrorist financing risks. The Company was required to file its Compliance Reports with the Commission by April 30, 2023, April 30, 2024, and April 30, 2025 for FY2023, FY2024, and FY2025, respectively. However, subsequent to SCN, the Company submitted the aforesaid Compliance Reports for FY2023, FY2024, and FY2025 on July 17, 2025, with a considerable delay of 809, 443, and 78 days, respectively.

12. The argument put forth by the Authorized Representative that the default was unintentional resulted from turnover of key personnel within the financial and compliance departments of the Company is 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 ensure timely compliance with all applicable AML reporting requirements. However, the Company failed to submit the aforesaid Compliance Reports within the stipulated timelines.

13. In view of the foregoing and the admission made by the Authorized Representative, non-compliance/contravention of the requirements of Regulation 4 of the AML Regulations read with Clause A of the SRO 920 (as amended vide 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 the fact 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.60,000/- (Rupees Sixty 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.

14. 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.

15. In case the Company is aggrieved by this Order, it 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  
Licensed Entities Wing

**Announced:**  
September 11, 2025  
Islamabad.