

Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Fair Edge Securities Pvt. Limited

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Date of Hearing

June 02, 2020

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**Order-Redacted Version**

Order dated June 09, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Fair Edge Securities Pvt. Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated April 27, 2020
2. Name of Company	Fair Edge Securities Pvt. Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. Fair Edge Securities Pvt. Limited
4. Nature of Offence	In view of alleged violations of Anti Money Laundering Regulations, 2018, proceedings were initiated in terms of section 40A (specifically Regulation 4(d), Regulation 16(9)(e), Regulation 16(9)(f) and Regulation 18 c(iii)) of the Securities and Exchange Commission of Pakistan Act, 1997 through SCN dated April 27, 2020 and order dated June 09, 2020 was passed.
5. Action Taken	<p>Key findings of default of Regulations were reported in the following manner:</p> <p>I have examined the submissions made in writing and during the hearing as well as issues highlighted in the show cause notice and requirements of the AML Regulations, 2018. The facts of the case may be summarized as under:</p> <ul style="list-style-type: none"><li>i. Respondent vide its letter dated July 17, 2019 submitted updated AML/CFT policy (approved by its board of directors on July 16, 2019) to Review team. The violation of Regulation 4(a) of the AML Regulations is evident as the Authorized Representatives of the Respondent in hearing also admitted that the deficiencies in its AML/CFT policies were removed only after identification in Review.</li></ul>



# Securities and Exchange Commission of Pakistan

## Adjudication Division Adjudication Department-I

	<p>ii. The default of Regulation 18 c (iii) cannot be denied in view of facts mentioned above. Further Authorized Representatives of the Respondent also acknowledged the said violation during the hearing.</p> <p>iii. The Authorized Representatives submitted that in order to comply with the AML Regulations the Respondent has employed an internal auditor on May 4, 2020 for independent audit function. The Authorized Representatives also submitted the appointment letter dated May 4, 2020 issued to Muhammad Moin for the position of Internal Audit Officer. Authorized Representatives also admitted in the hearing that prior to that Respondent did not had internal auditor and the related function was carried out by its Compliance Officer. Therefore, the Respondent has contravened Regulation 4(d) of AML Regulations and Regulation 16(9)(e) &amp; 16(9)(f) of Licensing Regulations.</p> <p>Penalty order dated 09 June, 2020 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A penalty of Rs.400,000/- (Rupees four hundred thousand) was imposed on the Company. Moreover, it was directed to implement measures to manage risks of AML/CFT.
7. Current Status of Order	No appeal has been filed

Redacted version issued for placement on the website of the Commission.