

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

In the matter of Show Cause Notice issued to M/s. Fikree's (Pvt.) Limited

Date of Hearing

July 15, 2020

Order-Redacted Version

Order dated July 22, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Fikree's (Pvt.) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated April 27, 2020
2. Name of Company	Fikree's (Pvt.) Limited
3. Name of Individual*	The proceedings were initiated against the Company i.e. Fikree's (Pvt.) Limited and its Compliance Officer.
4. Nature of Offence	Proceedings under Section 40A of SECP Act, 1997 for the violations of Regulation 4(a), 18 c (ii), 18 c (iii), 18 and 4(d) of AML Regulations and Regulations 29(5), 16(9)(e) and 16(9)(f) of Licensing Regulations.
5. Action Taken	<p>Key findings of default of Regulations were reported in the following manner:</p> <p>I have examined the written as well as oral submissions of the Respondent and its Compliance Officer and Authorized Representatives. In this regard, I observe that:</p> <ol style="list-style-type: none">i. The initial written argument of the Respondent that Review referred in the SCN was never conducted, was untenable as the Respondent vide its letter dated February 7, 2020 submitted its written reply in response to the Review team's Letter of Finding dated July 08, 2019. During the hearing, Authorized Representatives admitted that the Review was carried out by the review team.



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- ii. Respondent vide its letter dated February 7, 2020 in response to Commission's letter dated July 8, 2019 submitted that it has revised its AML/CFT policy after the enforcement of National Risk Assessment (NRA) 2019. The above referred response of Respondent shows that policy was amended/updated subsequent to deficiencies highlighted by the Commission's team review. During the hearing, the Authorized Representatives admitted the same. Therefore, violation of Regulation 4(a) of the AML Regulations on part of Respondent cannot be denied.
- iii. The defaults of Regulation 18 c(ii) & 18 c(iii) were consequential to the default of Regulation 4(a) of the AML Regulations. Authorized Representatives also acknowledged the said contravention during the hearing and said that due to lack of time Respondent could not devise the comprehensive AML/CFT policy in accordance with the AML Regulations but subsequent to the Review, Respondent has removed all the deficiencies in its AML/CFT policy.
- iv. The Respondent did not provide any post-review evidence, to substantiate that it was complying with the provisions of Regulations 18 & 4(d) of the AML Regulations and Regulations 29(5), 16(9)(e) & 16(9)(f) of the Licensing Regulations. During the hearing, Authorized Representatives admitted violation of the said Regulations and claimed that default has been rectified subsequent to the Review.

In view of the foregoing and admission made by the Representatives, contraventions of the provisions of Regulations 4(a), 18 c (ii), 18 c (iii), 18 and 4(d) of AML Regulations and Regulations 29(5), 16(9)(e) and 16(9)(f) of Licensing Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 450,000/ (Rupees four hundred fifty thousand) is hereby imposed on the Fikree's (Pvt.) Ltd. on contravention of AML Regulations. Furthermore, in terms of powers conferred under section 150 of the Securities Act 2015, a penalty of Rs. 50,000/- (Rupees fifty thousand) is hereby imposed on the Fikree's (Pvt.) Ltd. on contravention of Licensing Regulations made under Securities Act, 2015. However, in reference to Regulation 18 c (ii) & (iii) Compliance office is warned to be careful in future. The Fikree's (Pvt.) Ltd. is advised to examine its AML/CFT policy & procedures to ensure that the requirements contained in the AML Regulations are met in letter and spirit.

Penalty order dated July 22, 2020 was passed by Executive Director (Adjudication-I).



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6. Penalty Imposed	A penalty of Rs. 450,000/ (Rupees four hundred fifty thousand) under section 40A of the Act and a penalty of Rs. 50,000/- (Rupees fifty thousand) under section 150 of the Securities Act 2015 was imposed on the Company.
7. Current Status of Order	An appeal has been filed against this Order.

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