

Before Hammad Javed, Additional Director/Head of Wing (Licensed Entities-Adjudication Department-I)

In the matter of Show Cause Notice issued to Zafar Securities (Pvt.) Limited

Date of Hearing

January 12, 2023

Order-Redacted Version

Order dated January 20, 2023 was passed by Additional Director/Head of Wing (Licensed Entities-Adjudication Department-I) in the matter of Zafar Securities (Pvt.) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated November 07, 2022.
2. Name of Respondent	Zafar Securities (Pvt.) Limited (the Company and/ or the Respondent).
3. Nature of Offence	Alleged contraventions of Note (i) (o) of Annexure I read with regulation 9(b) of the AML Regulations and regulation 31 of the AML Regulations, Section 6(A)(2)(h) of the Act and rule 4(1) & 6(1) of the Rules thereof.
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have reviewed the facts of the case and considered the written as well as verbal submissions of the Respondent and its Representative in light of the applicable legal provisions and observed with regard to the clients for the alleged contraventions of Note (i) (o) of the Annexure I read with Regulation 9(b) of the AML Regulations and have observed that in case of Client No, 1, the Respondent furnished evidence of source of income in the form of income tax returns for the year 2022 with printing date of November 10, 2022 which reflects that the Respondent rectified the alleged contravention, subsequent to the inspection.</p> <p>Moreover, in case of Client No.2 the Respondent failed to furnish any evidence relating to significant deposit of funds made by the said client during the review period except for one-liner email sent on August 21, 2022 by the Representative to the said client, for obtaining proof of income. However, it was that neither the said email was acknowledged responded by the recipient nor it</p>

	<p>was evidenced that the email address, at which this email was reportedly sent, is of Client 2.</p> <p>In view of the above, I am of the considered view that contravention of Note (i) (o) of Annexure 1 read with Regulation 9(b) of the AML Regulations has been established for these two (02) clients, which attract imposition of penalty under Section 31 of the AML Regulations read with Section 6(A)(2)(h) of the Act and rule 4(1) & 6(1) of the Rules. Hence, in exercise of the powers conferred upon me, I hereby imposed a penalty of <u>Rs.20,000/- (Rupees Twenty Thousand Only)</u> on the Respondent on account of the established violations.</p> <p>The Respondent is advised to meticulously adhere to all applicable Laws, Rules, Regulations and Directions etc. notified issued from time to time relating anti-money laundering and countering finance of terrorism in true letter and spirit at all times.</p>
5. Penalty Imposed	Rs.50,000/-
6. Current Status of Order (As of the uploading date)	Penalty deposited and No Appeal has been filed by the respondent.