



Securities and Exchange Commission of Pakistan

Adjudication Division
Adjudication Department-I

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

In the matter of Show Cause Notice issued to CAMCO Pvt. Limited

Dates of Hearing

January 04, 2021

Order-Redacted Version

Order dated January 07, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of CAMCO Pvt. Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated November 18, 2020
2. Name of Company	CAMCO Pvt. Limited
3. Name of Individual*	The proceedings were initiated against the Company i.e. CAMCO Pvt. Limited
4. Nature of Offence	In view of alleged violations of Regulation 6(4), Regulation 6(8), Regulation 4(a), Regulation 18(a) and Clause (iii) of SRO 245(I)/2019 of AML Regulations
5. Action Taken	<p>Key findings 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 SCN and requirements of the AML Regulations. The main contention of the Respondent is that since it has not launched its business commercially therefore the policy, procedure and processes are not in place. The plea taken does not hold merit. Respondent is a bonafide TREC holder and is not barred by any legal or regulatory framework does on clients other than the directors and their immediate families. Hence, it is imperative that all it ensure compliance with mandatory regulatory provisions. The alleged violations in the SCN and discussed in the foregoing paragraphs in light of the submissions made:</p> <p>i. With regard to the observation regarding NADRA Verisys of its clients, the Respondent submitted that they have not launched the business commercially yet therefore, there</p>



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department-I

	<p>were deficiencies in its systems/ procedures with respect to compliance of AML Regulations. The Respondent being a regulated person and having license issued by the Commission to act as a securities broker is required to validate the identity documents of its clients which was not provided. The Respondent was therefore, found in contravention of Regulation 6(4) read with Annexure I(note i) of the AML Regulations.</p> <p>ii. With regard to the risk categorization of its clients, the Respondent during the hearing and its submissions provided that since it has not launched its business commercially therefore, risk categorization was not performed as per requirements of the AML Regulations. The Respondent being a regulated person and having license issued by the Commission to act as a securities broker is required to carry out risk assessment of its clients as required under Regulation 6(8) of the AML Regulations.</p> <p>iii. With regard to deficiencies in its AML Policy, the Respondent submitted that its AML/CFT policy was approved by the Board in November, 2018 which was also submitted to the inspection team. The inspection team has highlighted various deficiencies in this policy where screening related procedures were not defined relating to clients and their associates such as their joint account holders, nominee, trustee, authorized person and directors. Further, the Respondent's policy was also not updated as per NRA, 2019 such as porous borders and Transactional TF risks. Therefore, the policy was found deficient in contravention of Regulation 4(a) of the AML Regulations.</p> <p>iv. With regard to compliance of SROs, the Respondent submitted that they were not informed regarding compliance of SROs until the SCN dated November 21, 2019. Even after the conclusion of adjudication proceedings vide order dated December 26, 2019, the SRO Responses were still delayed. In view of the submissions, the Respondent was found negligent in providing timely response to the SROs. Further, the Respondent was also found in contravention of Regulation 15(3) of the AML Regulations in absence of record for screening process. The Respondent has subsequently rectified their processes and</p>
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Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department-I

assured that they are now maintaining record of all screening processes.

v. With regard to mechanism and procedures to perform screening of its customers and their associates, the Respondent submitted that since it has not launched its business commercially therefore, risk categorization was not performed as per requirements of the AML Regulations. The Respondent being a regulated person and having license issued by the Commission to act as a securities broker is required to perform screening of all its clients and their associates. The contention of the Respondent is not tenable hence, it was found non-compliant with Regulation 4(a) and 13(7) of the AML Regulations. Further, in absence of such record keeping, the Respondent has also contravened provisions of Regulation 15(3) of the AML Regulations.

vi. With regard to the appointment and job description of its compliance officer, the Respondent submitted that since it has not launched its business commercially, therefore, no designated compliance officer has been appointed yet. In this regard, it was observed that the Respondent's CEO is also acting as a compliance officer. The contention of the Respondent in this regard is not tenable since it is a regulated person having license by the Commission and is required to comply with requirements of the AML Regulations. The Respondent during the hearing provided that once it has launched commercial business, it will then appoint its compliance officer and update the job description as per the requirements of the AML Regulations.

In view of the foregoing and admission made by the Representative, contraventions of the provisions of AML Regulations have been established against the Respondent and its Compliance Officer. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 150,000/- (Rupees One Hundred and Fifty Thousand Only) is hereby imposed on the Respondent. The Respondent is directed to deposit the aforesaid penalty in the account of the Commission being maintained in the designated branches of MCB Bank Limited within 30 days of date this Order and furnish the original deposit challan to this Office.



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department-I

	Penalty order dated January 06, 2021 was passed by Executive Director (Adjudication-I)
6. Penalty Imposed	A Penalty of Rs.150,000/- (Rupees One Hundred and Fifty Thousand Only) was imposed on respondents to ensure compliance of law in future.
7. Current Status of Order	Appeal has been filed by the respondents

Redacted version issued for placement on website of the Commission.