

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

In the matter of Show Cause Notice issued to EFU Life Assurance Limited

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Date of Hearing

February 25, 2020

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**Order-Redacted Version**

Order dated March 6, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of EFU Life Assurance Limited. Relevant details are given hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show Cause Notice dated November 26, 2019
2. Name of Company	EFU Life Assurance Limited
3. Name of Individual*	Not Applicable.
4. Nature of Offence	Alleged violations of Regulation 4, Regulation 6, Regulation 6(3)(a), Regulation 6(5a)(c), Regulation 9, and Regulation 20 of the of Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018
5. Action Taken	<p>Relevant extracts from the Order on findings and outcome of the matter are as follows:</p> <p>“8. I have examined the submissions and arguments of the Respondents and their Authorised Representatives in light of requirements of applicable provisions of the Regulations. I am of the considered view that the Company did not ensure its compliance with the mandatory provisions of the Regulations in the following instances:</p> <p>(i) In the absence of any provision in the Company’s AML/CFT policy about identification of beneficial owner and verification of his identity documents, the Company was unable put in place such procedure and control which were necessary for ensuring compliance with Regulation 6(3)(a).</p> ”



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## Adjudication Division Adjudication Department-I

	<p>Therefore, this state of affairs constitutes violation of Regulations 4(a) and 6(3)(a).</p> <p>(ii) The Company did not seek information relating to beneficial owners of its high net worth clients with no identifiable source of income. Having categorized such high net worth clients as “high risk” clients, it was obligatory for the Company to take effective measures for Enhanced Due Diligence which includes enhanced monitoring of business relations. However, the Company did not carry out enhanced monitoring and also failed to find out the beneficial ownership of such clients. This has resulted into violation of Regulation 4(a) and 9(4)(c).</p> <p>(iii) AML/CFT trainings conducted by the Company did not address the topics of beneficial ownership, forward/backward links with proscribed persons. Further, any content on domestic and transnational typologies for terror financing was not included in the training material to address the associated risks and make the employees well informed about typologies and their consequences. These deficiencies establish the violations of Regulation 20(b).</p> <p>9. In view of the foregoing reasons, I am of the considered view that multiple violations of the provisions of Regulations 4(a), 6(3)(a), 9(4)(c), 20(b) of the Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 500,000/- (<u>Rupees Five Hundred Thousand only</u>) is hereby imposed on the Company.”</p>
6. Penalty Imposed	Penalty of Rs. 500,000/- (Rupees Five Hundred Thousand only) was imposed on the Company.
7. Current Status of Order	Appeal was filed against the Order.

Redacted version issued for placement on website of the Commission.