

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

In the matter of Show Cause Notice issued to First Choice Securities Pvt. Limited

Date of Hearing

June 22, 2020

Order-Redacted Version

Order dated July 07, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of First Choice Securities 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	First Choice Securities Pvt. Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. First Choice 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 of the Securities and Exchange Commission of Pakistan Act, 1997, for violation of Regulation 4(d), Regulation 16(9)(e), Regulation 16(9)(f), Regulation 18 c(iii) and Regulation 29(5)) of the AML and CFT Regulations,2018.
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">i. The submission of Respondent that there are no clients in its brokerage house and its only engaged in proprietary trading is not tenable as being a licensed securities broker. Respondent has to meet all the regulatory obligations of the AML Regulations. The violation of Regulation 4(a) of the AML Regulations is evident as the Authorized Representative of the Respondent in hearing also admitted that the deficiencies in its



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	<p>AML/CFT policies were removed only after identification in Review.</p> <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. Authorized Representative admitted the default of Regulation 29(5) of Licensing Regulations in the hearing and informed that till date Respondent is non-complied with the regulatory requirement of having an independent and effective compliance function in terms of the Regulation 29(5) of Licensing Regulations. Therefore, the Respondent has contravened the said Regulation of Licensing Regulations.</p> <p>iv. In response to Commission's letter of finding dated July 05, 2019, the Respondent vide its letter dated Nil admitted that currently CEO is directly looking into compliance matter. Subsequently during the hearing, Authorized Representative also admitted in the hearing that till date the Respondent is non-complied with respect to the independent and effective audit function in terms of the Regulation 4(d) of the AML Regulations and Regulation 16(9)(e) and 16(9)(f) of Licensing Regulations. Therefore, the Respondent has contravened the said Regulations of the AML Regulations and the Licensing Regulations.</p> <p>Penalty order dated 7 July, 2020 was passed by Executive Director (Adjudication-I). Moreover, it was directed to implement measures to manage risks of AML/CFT.</p>
6. Penalty Imposed	A penalty of Rs.250,000/- (Rupees two hundred fifty thousand) was imposed on the Company.
7. Current Status of Order	No appeal has been filed

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