

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

In the matter of Show Cause Notice issued to Ghani Osman Securities Pvt. Limited

Date of Hearing

February 07, 2020

Order-Redacted Version

Order dated March 12, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Ghani Osman Securities Pvt. Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated January 16, 2020
2. Name of Company	Ghani Osman Securities Pvt. Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. Ghani Osman 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(a), Regulation 13(7), Regulation 6(3)(c) and Regulation 6(4) 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> <p>With regard to the compliance of Regulation 4(a) and 13(7) of the AML Regulations, the Respondent contended that it has been performing screening of all individuals associated with a client but was not maintaining the documentary evidence at the lime of inspection. The said contention is not tenable as in contrary to the submitted stance the Respondent in its response to Letter of Findings, informed the inspection team that software vendor has been asked for adding the requisite functionality. In the absence of database of beneficial owners, joint account holder, nominee. Board members, trustees and office bearers etc, of its clients, the claim of</p>



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	<p>performing of requisite screening cannot be entertained. Considering the fact that Respondent could not produce any documentary evidence in the hearing to substantiate its stance, therefore, I am of the view that Respondent was in contravention of Regulation 4(a) and 13(7) of the AML Regulations.</p> <p>a. Though Respondent submitted information/documents (i.e. service certificate dated January 22, 2014, business cards, client ledger) in respect of five highlighted instances in order to substantiate compliance of Regulation 6(3)(c) of the AML Regulations, however, the submitted documents were found deficient to perform requisite Customer Due Diligence (CDD) as actual picture/quantum of source of income was not available with Respondent which is an essential component for risk profiling.</p> <p>b. During the hearing and in response to Letter of Findings, the Respondent admitted that it had no access to the NADRA system, therefore, they did not fulfill the requirements of the Regulations 6(4) of the AML Regulations by not validating the identity documents of highlighted instances through NADRA Verysis. Respondent also contended that customer accounts were opened after approval from National Clearing Company of Pakistan Limited (NCCPL). The argument of Respondent is not justifiable as approval from NCCPL cannot substitute the statutory requirement of validation of identity documents of clients, joint account holders and client's nominees/BOD/trustees etc.</p> <p>Penalty order dated March 12, 2020 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A penalty of Rs.400,000/- (Rupees four hundred thousand) was imposed on the Company. Moreover, it was directed to implement measures to manage risks of AML/CFT.
7. Current Status of Order	An Appeal has been filed by the respondents

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