

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

In the matter of Show Cause Notice issued to M/s. Icon Capital Management (Pvt.) Limited

Date of Hearing

June 23, 2020

Order-Redacted Version

Order dated July 21, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Icon Capital Management (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	Icon Capital Management (Pvt.) Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. Icon Capital Management (Pvt.) Limited.
4. Nature of Offence	Proceedings under Section 40A of SECP Act, 1997 for the violations of Regulation 4(a), 13(7), 9(4)(a) and 11(2) 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 written as well as oral submissions of the Respondent and its Authorized Representatives. In this regard, I observe that:</p> <ol style="list-style-type: none">i. With regard the violation of Regulation 4(a) and Regulation 13(7) of the AML Regulations, the Authorized Representatives could not exhibit any evidence that Respondent had requisite database and it was performing screening of its customers before the inspection. During the hearing, the Authorized Representatives informed that subsequent to the Inspection, the Respondent has developed auto-mechanism in its back office system for screening completeness of the customers and their associates, including e.g., authorized persons, beneficial owners, directors, joint account holders, nominees, father, husband, etc. Hence, The Respondent is in violation of Regulations 4(a) and 13(7) of AML Regulations.ii. Respondent could not substantiate that approvals of senior management were taken to establish or continue business with high



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	<p>risk customers identified by Inspection team. Further, in response to the SCN, Respondent submitted a copy of Internal Memo to exhibit compliance with the requirements of the Regulation 9(4)(a) in two identified instances. The said Internal Memo, signed by CEO and Assistant Manager Compliance was undated, and same was never presented to the inspection team at the time of inspection, therefore its veracity is not acceptable.</p> <p>iii. The Respondent has failed to furnish any evidence of recording Justification for categorizing fifteen customers as low risk as required in Regulation 11(2) of AML Regulations. Authorized Representatives also admitted the said default during the hearing. Authorized Representatives submitted that subsequent to identification of default, Respondent has started recording justifications for categorizing customers as low risk. However, no evidence was furnished in support of that claim.</p> <p>In view of the foregoing and admission made by the Representatives, contraventions or the provisions of Regulations 4(a), 13(7), 9(4)(a) and 11(2) of AML Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 300,000/- (Rupees three hundred thousand) is hereby imposed on the Respondent. The Respondent is advised to examine its AML/CFT policy & procedures to ensure that the requirements contained in the AML Regulations are met in letter and spirit.</p> <p>Penalty order dated July 21, 2020 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A penalty of Rs. 300,000/- (Rupees three hundred thousand only) 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.