

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

In the matter of Show Cause Notice issued to Interactive Securities Private Limited

Date of Hearing	November 19, 2020
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Order-Redacted Version

Order dated November 27, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Interactive Securities Private Limited. Relevant details are given as hereunder:

Nature	Details
<ul style="list-style-type: none">• Date of Action	Show Cause notice dated September 24, 2020.
<ul style="list-style-type: none">• Name of Company	Interactive Securities Private Limited.
<ul style="list-style-type: none">• Name of Individual	The proceedings were initiated against the Company i.e. Interactive Securities Private Limited and its Compliance Officer.
<ul style="list-style-type: none">• Nature of Offence	Proceedings under Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997.
<ul style="list-style-type: none">• Action Taken	<p>Key findings of default of Regulations were reported in the following manner:</p> <p>I have carefully examined the facts of the case in light of the applicable provisions of the law and have given due consideration to the written as well as verbal submissions and arguments of the Respondents. I am of the considered view that the Respondents did not ensure their compliance with the mandatory provisions of the Regulations in the following instances:</p> <ul style="list-style-type: none">• With regard to the violation of Regulation 4(a) of the AML Regulations, the Respondents arguments are acceptable to the extent of identified alleged deficiencies enlisted at (a), (b), (d), (e), (f) & (g) in para 3(i) above as its AML/CFT policy is covering those requirements of the AML Regulations. However, Respondent has failed to exhibit compliance of the requirements mentioned at (b) & (h) in para 3(i) above. Thus AML/CFT policy of the Respondent was found deficient. Therefore, violation of Regulation 4(a) of the AML Regulations on part of Respondent cannot be denied.• The defaults of Regulation 18(c)(iii) were consequential to the default of Regulation 4(a) of the AML Regulations. Therefore, Respondent and its Compliance Officer have contravened Regulation 18 (c) (iii) of the AML Regulations.• With respect to alleged violation 6(4) of the AML Regulations on account of non-validation of identity documents of identified instances, submitted that the identified accounts belongs to Chief Executive Officer & Director of the Respondent and subsequent to inspection, default has been rectified.

	<ul style="list-style-type: none"> • Similarly, in context of alleged violations of Regulations 6(3)(c) and 6(5)(a), 13(1) and 13(3), since the highlighted two instances pertains to Chief Executive Officer & Director of the Respondent itself and at the time of inspection the Respondent furnished the requisite evidence(i.e. tax returns) to the inspection team, the response of Respondent is acceptable. Therefore in that context no action is warranted. • Respondent submitted and explained during the hearing that it acted upon the said SROs and response through to the SECP eService portal within the requisite time period. However, after the submission/filing of requisite information (i.e. “nil”) on the SECP eService portal, the screen/dashboard disappeared, therefore the evidence of reporting could not be maintained but the same can be verified from SECP’s relevant department. Further, Respondent submitted that in future it will retain the snap shot of the “nil” portal for complying the requirement of the Regulation 15(3) of the AML Regulations. Considering the Respondent has not started the commercial operations and the only accounts maintained with the Respondent are of its Chief Executive Officer and Director, no violation at the end of Respondent has been evidenced. <p>In view of the foregoing and admission made by the Representatives, contraventions of the provisions of Regulations 4(a) and 18(c) (iii) of AML Regulations have been established. In terms of powers conferred under section 40A of the Act, a penalty of Rs.50, 000/- (Rupees Fifty Thousand Only) is hereby imposed on the Respondent</p> <p>However, in reference to Regulation 18 (c) (iii) Compliance office is warned to be careful in future. 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 November 27, 2020 was passed by Executive Director (Adjudication-I).</p>
<ul style="list-style-type: none"> • Penalty Imposed 	Penalty of 50,000/- (<u>Rupees Fifty Thousand only</u>) was imposed.
<ul style="list-style-type: none"> • Current Status of Order 	No appeal has been filed against the Order.

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