

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

In the matter of Show Cause Notice issued to M/s. Inveslink Capital (Pvt.) Ltd.

Date of Hearing

August 20, 2020

Order-Redacted Version

Order dated September 01, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Inveslink Capital (Pvt.) Ltd. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated July 03, 2020
2. Name of Company	Inveslink Capital (Pvt.) Ltd.
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. Inveslink Capital (Pvt.) Ltd.
4. Nature of Offence	Proceedings under Section 40A of SECP Act, 1997 for the violations of Regulation 6(4), 11(2), 6(3)(c), 4(d) and 18 c(ii) 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> <ul style="list-style-type: none">i. With regard the violation of Regulation 6(4), the Respondent contended that due to low clientage NADRA Versify system was not installed at our brokerage house and account were opened on attested copies of CNIC and after thumb verification of NCCPL. The said contention is not tenable as it was statutory obligation of the Respondent to verify the identity documents from NADRA Verisys system and the said requirement was not dependent upon number of clients. Furthermore, any post inspection verification of identity documents cannot make the default good. With regard to alert system for expiry of CNIC, at least one month prior to their actual expiry date, the Respondent has submitted evidence before the Inspection, however, they should develop a mechanism/system to monitor the



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	<p>expiry of its clients CNIC instead of manual. In context of alert system for expiry CNIC Respondent informed that since it has only 23 clients so its staff manually check the expiry date of CNIC on monthly basis and intimate the client before a month and thereafter send a reminder before 15 days of expiry date.</p> <p>ii. Respondent has failed to furnish any evidence of recording justification for categorizing customers as low risk as required in Regulation 11(2) of AML Regulations. Authorized Representative during the hearing submitted that going forward Respondent will ensure compliance of the regulation and will record the justifications for categorizing customers as low risk.</p> <p>iii. With regard the violation of Regulations 6(3)(c), Respondent could not produce any pre-inspection evidence substantiating the compliance of the regulatory requirements. The Authorized Representative during the hearing admitted the default and informed that subsequent to the Inspection, Respondent has complied with the regulation.</p> <p>iv. The Respondent did not provide any pre-inspection evidence, to substantiate that it was complying with the provisions of Regulation 4(d) of the AML Regulations. Moreover, the list of all employees provided to inspection team by the Respondent, reflects that internal audit function was not assigned to any employee. During the hearing and in response to the SCN, Authorized Representative admitted the violation of the said regulation and claimed that default has been rectified subsequent to the inspection.</p> <p>v. With regard the violation of Regulation 18 c(ii), in response to Inspection team, the Respondent vide its email dated May 13, 2020 submitted that in future its compliance officer will perform his duties according to AML Regulations. The Authorized Representative during the hearing also admitted the said violations of the AML Regulations. The review of written response of SCN, revealed that Chief Executive was performing the function of Compliance Officer of Respondent, which is not permissible even under the AML Regulations.</p> <p>In view of the foregoing and admission made by the Representatives, contraventions of the provisions of Regulations 6(4), 11(2), 6(3)(c), 4(d) and 18 c(ii) of AML Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 260,000/- (Rupees Two hundred and sixty thousand only) is hereby imposed on Inveslink Capital (Pvt.) Limited. However in reference to Regulation 18 c (ii) Compliance officer is warned to be careful in future. The Inveslink Capital (Pvt.) Limited 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>
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	Penalty order dated September 01, 2020 was passed by Executive Director (Adjudication-I).
6. Penalty Imposed	A penalty of Rs. 260,000/- (Rupees two hundred and sixty 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.