

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

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

Date of Hearing

January 28, 2020

Order-Redacted Version

Order dated March 10, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Oriental Securities Pvt. Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated January 15, 2020
2. Name of Company	Oriental Securities Pvt. Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. Oriental 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 7(1)(b) 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>a. The Respondent could not furnish any documentary evidence to substantiate that it has been performing requisite screening of customers' nominees, joint account holders, and beneficial owners, board of directors, trustees and office bearers. Similarly, Respondent has also failed to exhibit a mechanism or a data base as an evidence in its support of compliance of AML Regulations. The Authorized Representatives submitted after pointing out the default by the inspection team. Respondent has updated the system in the light of the said requirements of the Regulations. Though no proscribed person or entity was revealed as customer if the Respondent in Inspection, however,</p>



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	<p>contravention of Respondent with the requirements of Regulation 4(a) and 13(7) of the AML Regulations is evident.</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 7(1) (b) and 6(4) of the AML Regulations by not validating the identity documents of highlighted instances through NADRA Verysis. It was also contended by the Respondent that accounts of clients were opened after the 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 as well as their nominees/joint account holders/BOD/trustees etc. It was observed that the Respondent had taken the reasonable steps in cases of seven highlighted clients in context of obtaining requisite documents.</p> <p>Penalty order dated March 10, 2020 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A penalty of Rs.250,000/- (Rupees two hundred and fifty thousand) was imposed on the Company. Moreover, it was directed to implement measures to manage risks of AML/CFT.
7. Current Status of Order	No Appeal has been filed by the respondents

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