

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

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

Date of Hearing

February 12, 2020

Order-Redacted Version

Order dated March 6, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Standard Capital Securities (Pvt) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated December 13, 2019
2. Name of Company	Standard Capital Securities (Pvt) Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. Standard Capital Securities (Pvt) Limited
4. Nature of Offence	Proceedings under Section 40A of SECP Act, 1997 for violations of inter-alia Regulation 4(a), 6(3)(a), 6(3)(c), 6(4), 9(4)(b) and 13(7) of 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> <p>a. The Respondent could not furnish any documentary evidence to substantiate that it has been performing requisite screening of authorized person, beneficial owners, board of directors, trustees and office bearers. Similarly, Respondent has also failed to exhibit a mechanism or a database as an evidence in its support of compliance of AML Regulations. The Authorized Representatives submitted after pointing out the default by the inspection team, it has initiated the practice of screening the details of authorized persons, beneficial owners, board of directors, trustees and office bearers. Authorized Representatives further submitted that now the Respondent is also maintaining the requisite database related clients. Therefore, it is</p>



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	<p>evident that the Respondent has contravened Regulation 4(a) and 13(7) of the AML Regulations.</p> <p>b. Authorized Representatives could not provide evidence that documents substantiating source of income of two clients identified in inspection, was available with the Respondent at the time of inspection. Therefore, the contravention of Regulation 6(3)(c) and 9(4)(b) of the AML Regulations on part of Respondent cannot be denied.</p> <p>c. During the hearing and in response to SCN reply, the Respondent admitted that the Respondent currently does not have NADRA Verisys facility and it is in the process of acquiring the requisite system. Thus, contravention of Regulation 6(4) is established against the Respondent for not validating the identity documents of its customers as stipulated in the AML Regulations.</p> <p>d. The contention of Authorized Representatives that Respondent was compliant with Regulation 6(3)(a) of the AML Regulations and it had provided the copies CNICs to the inspection team in all the identified instances. During the hearing Authorized Representatives submitted copies of CNIC of the highlighted instances. However, Authorized Representatives could not provide evidence substantiating that said copies of CNIC were available with the Respondent at the time of inspection and same were provided to inspection team.</p> <p>In view of the foregoing and admission made by the Representatives, contraventions of the provisions of AML Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 850,000/- (Rupees eight hundred fifty 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 March 6, 2020 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A penalty of Rs. 850,000/- (Rupees eight hundred and fifty thousand) was imposed on the Company.
7. Current Status of Order	No appeal was filed.

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