

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

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

Date of Hearing

July 13, 2020

Order-Redacted Version

Order dated July 29, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Time Securities (Pvt.) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated June 12, 2020
2. Name of Company	Time Securities (Pvt.) Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. Time Securities (Pvt.) Limited.
4. Nature of Offence	Proceedings under Section 40A of SECP Act, 1997 for the violations of Regulation 4(a), 13(7), 6(4), 6(3)(c), 6(2), 6(3)(a) and 9(4)(b) 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 Respondent could not provide evidence substantiating that its screening system possess the ability to identify the proscribed organizations / individuals notified through various SROs, to prevent the Respondent from establishing a business relationship with such organizations / individuals. The screening report submitted to SECP dated July 12, 2019 by the Respondent was presented as proof of compliance, however that screening report was not relevant to the two instances highlighted in the inspection.



Securities and Exchange Commission of Pakistan
Adjudication Division
Adjudication Department-I

	<p>ii. The Respondent has failed to submit any evidence to confirm that the Respondent had validated the identity documents of its seventeen highlighted customers through NADRA Verisys required under Regulation 6(4) of AML Regulations. The contention of the Authorized Representatives that Respondent opened accounts of customers after the approval from National Clearing Company of Pakistan Limited (NCCPL) is not relevant as any approval from NCCPL cannot substitute the statutory requirement of validation of identity documents of customers.</p> <p>iii. The Respondent in its response dated March 30, 2020 to Letter of Findings admitted that Respondent has failed to change the status of client as a retired person despite availability of proof of client's retirement (retirement letter dated 20-07-2005). Therefore, Respondent did not update KYC/CDD documents of a client as required under Regulation 6(3)(c) of AML Regulation.</p> <p>iv. The Respondent has failed to take requisite measures in accordance with Regulations 6(2), 6(3)(a) and 9(4)(b) of the AML Regulations at the time of establishing relationship with the client identified in Inspection. During the hearing, Authorized Representatives informed that client could not be contacted despite efforts of the Respondent.</p> <p>In view of the foregoing and admission made by the Representatives, contraventions of the provisions of AML Regulations 4(a), 13(7), 6(4), 6(3)(c), 6(2), 6(3)(a) and 9(4)(b) 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 29, 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	An appeal has been filed against this Order.

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