

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

In the matter of Show Cause Notice issued to M/s. Topline Securities Limited

Date of Hearing

June 19, 2020

Order-Redacted Version

Order dated July 09, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Topline Securities Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated April 27, 2020
2. Name of Company	Topline Securities Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. Topline Securities Limited
4. Nature of Offence	Proceedings under Section 40A of SECP Act, 1997 for the violations of Regulation 4(a) and 11(2) 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> <p>i. With respect to the violation of Regulation 4(a), the Respondent contended that it cannot be held responsible if name of proscribed persons like <i>Khan Muhammad and Saleh Muahmmad</i>, has not placed on its list of proscribed persons on the website of NACTA. Further, Respondent has informed that in the third instance, search was carried out with an incorrect name, therefore, the system could not detect it. In support of its claim Respondent also furnished the evidence. However non-appearance of the above two names in search results depicts that the system deployed by Respondent lacks functionality to</p>



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Adjudication Division
Adjudication Department-I

	<p>include records based upon SROs communicated to it by the Commission, therefore default to this extent is established.</p> <p>ii. As required in Regulation 11(2), the Respondent has furnished as evidence a separate sheet wherein justification for categorizing customers as low risk. However, the sheet was not dated and Respondent could not substantiate the existence of said evidence at the time of the inspection. The Respondent is therefore held liable for violation of Regulation 11(2) of AML Regulations.</p> <p>In view of the foregoing and admission made by the .Representatives, contraventions of the provisions of AML Regulations 4(a) and 11(2) 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 09, 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.