

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Pak Qatar General Takaful Limited

Dates of Hearing

June 21, 2021

Order-Redacted Version

Order dated August 17, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Pak Qatar General Takaful Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated June 02, 2021.
2. Name of Respondent	Pak Qatar General Takaful Limited (the Respondent)
3. Nature of Offence	<u>Alleged contraventions of Regulation 6(4) of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018 read with Annexure I thereof and regulations 9(4), 10(3) and 6(12) thereof and Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997.</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have carefully examined the facts of the case in light of the applicable provisions of the law and written as well as verbal submissions and arguments of the Respondent. Review of the reply of the Company reveals that the Company failed to conduct EDD of a PEP by giving the reason that it would tip-off the customer. However, in terms of regulation 6(12), the Company was required to file STR if it had a suspicion of money laundering or terrorist financing. On the contrary, the Company vide email dated July 1, 2021 submitted that no adverse information was available against the PEP in the media. Under these circumstances, the Company failed to conduct EDD of the PEP, which constitutes violations of regulations 9(4) and 10(3) of the AML Regulations on part of the Respondent. It is pertinent to clarify here that the Company must comply with the requirements of filing STR with FMU if the circumstances of the case so warrant under the AML Regulations, regardless of any conditions which might have been discussed about generating STR at any forum. Review of the reply of the Company establishes admission of the</p>

	<p>company with regard to the fact that the requisite information and/or documents under Annexure I to the AML Regulations were not obtained in respect of a number of customers, <i>inter alia</i>, due to reluctance of customers, however, in compliance of regulation 6(11) of the AML Regulations, the Company should have terminated its business relationship if these customers were reluctant to submit the information/documents required under the law. Thus, default of regulation 6(4) read with Annexure I to the AML Regulations is established. Therefore, the Respondent is liable to be penalized under Section 40A of the SECP Act, which states that:</p> <p>Section 40A of the SECP Act states that: <i>“Penalty for violation of rules, regulations, directives and notifications.-</i> <i>(1) Any person who contravenes or fails to comply with any provision of rule made under section 39 or regulation made under section 40 or directive or notification issued under this Act shall be liable to pay by way of a penalty a sum which may extend to ten billion rupees and where the contravention is a continuing one, with a further penalty which may extend o one hundred thousand rupees for every day after the first during which such contravention continues.</i> <i>(2) A penalty under sub-section (1) shall be imposed by the Commission after providing a reasonable opportunity of being heard to the party.”</i></p> <p>In exercise of the powers conferred on me under Section 40A of the Act, I, hereby, impose a fine of Rs. 100,000/- (Rupees One hundred thousand Only) on the Company on account of established defaults, as mentioned in the above paras.</p>
5. Penalty Imposed	Rs. 100,000/-
6. Current Status of Order	Penalty deposited and No Appeal has been filed by the respondents.