

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

In the matter of Show Cause Notice issued to Salim Sozer securities (Private) Limited

Dates of Hearing

February 21, 2022

Order-Redacted Version

Order dated May 09, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Salim Sozer securities (Private) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated June 03, 2021.
2. Name of Respondent	Salim Sozer Securities (Pvt.) Limited (the Respondent/ the Company)
3. Nature of Offence	<u>Alleged contraventions of Regulations 15(3), 1(2), 6(3)(c) & 9(4)(a) of Securities & Exchange Commission of Pakistan (Anti-Money Laundering and Countering Financing of Terrorism) Regulations, 2018, (the Regulations) read with Section 40A of the Securities & Exchange Commission of Pakistan Act, 1997 (the Act).</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have considered the facts of the case, the written and oral submissions of the Respondent and material available on record in light of the applicable legal provisions and observed that:</p> <ol style="list-style-type: none">i. With regard to the maintenance record pertaining to screening of its clients, the Respondent during the hearing submitted that at the time they were performing manual screening of all customers wherein CNIC numbers were matched against clients details in excel sheet. The Respondent admitted that the record of screening was not maintained at the time of inspection as they did not have a software-based screening mechanism for its clients. In view of the submissions, the Respondent was found in contravention of regulation 15(3) of AML Regulations.ii. With regard to the low risk justification of its clients, the Respondent admitted that such record was not being maintained at the time of inspection. The Respondent was

	<p>found to be in contravention of regulation 11(2) of the AML Regulations.</p> <p>iii. With regard to the beneficial ownership of 4 clients as mentioned in the SCN, the Respondent provided that such documents were already available with them. However, at the time of inspection, it was observed that the Respondent had not provided evidence pertaining to beneficial ownership of 4 clients that were identified as either households or students. Moreover, the Respondent also failed to provide documentary evidence with respect to source of income/ funds of 5 clients as provided in the SCN. Further, with regard to the PEP client, the Respondent submitted that they have rectified the default now. In view of missing evidences, the Respondent was found to be in contravention of regulation 6(3)(a), 6(3)(c) & 9(4)(a) of the AML Regulations.</p> <p>Therefore, in terms of the power conferred under Section 40A of the Act, penalty of Rs. 300 000/- (Rupees Three Hundred Thousand Only) is hereby imposed on the respondent. The Respondent is advised to obtain all relevant documentary evidences pertaining to source of income/ funds of its clients which should be readily available when needed.</p>
5. Penalty Imposed	Rs. 300,000/-
6. Current Status of Order	Penalty not deposited and Appeal has been filed by the respondent.