



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 26 of 2022

East West Insurance Company Limited

.....Appellant

Versus

Executive Director, Adjudication – I

.....Respondent

Date of Hearing:

January 09, 2025

Present:

For the Appellant:

Mr. Imran Ali Dodani, Authorized Representative

For the Respondent:

1. Mr. Sohail Qadri, HoD, Adjudication-I, SECP
2. Mr. Shafiq ur Rehman, Adjudication-I, SECP

ORDER

1. This Order shall dispose of proceedings initiated through Appeal No. 26 of 2022 filed by East West Insurance Company Limited (the "Appellant"), against the Order dated July 02, 2021 (the "Impugned Order"), passed by the HOD (Adjudication-I) (the "Respondent"), under Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010 (the "AML Act").
2. The brief facts of the case are that the Appellant is registered as a non-life insurer under the provisions of the Insurance Ordinance, 2000 (the "Ordinance"). An off-site review of the Appellant conducted during the period from October 01, 2020 to January 15, 2021 revealed that the Appellant had failed to submit a compliance report in relation to S.R.O 920 (I)/2020 dated September 28, 2020 (the "Directive") issued by the Securities and Exchange Commission of Pakistan (the "Commission") regarding updates in list of the proscribed

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person(s)/entities under the Anti-Terrorism Act, 1997 (the "Terrorism Act"). As per the Directive, the Appellant was required to submit before the Commission, the Compliance report within 48 hours of receiving the same and intimation through the automated reporting system i.e Commissions e-Services Portal. It was noted that the Appellant, in 16 instances had failed to submit the Compliance Report within a period of 48 hours. Accordingly, a show-cause notice dated May 6, 2021 (the "SCN") was issued to the Appellant. The Appellant made its written submission to the SCN vide reply dated June 03, 2021 and after granting an opportunity of hearing to the Appellant, the Respondent, in exercise of powers conferred under Section 6(a)(2)(h) of the AML Act, imposed a penalty of Rs.100,000/- (Rupees One Hundred Thousand) on the Appellant vide the Impugned Order.

3. The Appellant has preferred this Appeal, *inter-alia*, on the grounds that the Impugned Order has been passed without considering the facts of the matter and without considering that the Appellant had been making best efforts to comply with the regulatory framework and any directives being given by the Commission. The Appellant stated that the 'Targeted Financial Sanction' (the "TFS Obligations") were being duly performed whereas reporting was delayed as the Appellant wanted to comply after careful and thorough scrutiny of records with the intention to not pass on any wrong information. The Appellant further stated that during the period under review, it was working with fifty percent strength of the staff, therefore, there was a delay in complying with the directives and that the relevant staff of the Appellant was busy with the annual audit. The Appellant further contented that at the time of issuance of the directive, the requirement of reporting was 48 hours and that according to normal business practices public holidays and weekends are excluded unless deadline i.e. if due date is particularly mentioned and it is mentioned that public holidays are also included. The Appellant further asserted that the penalty has been imposed not due to non-performance of the TFS Obligations, but due to delayed submission i.e. more than forty-eight (48) hours from the date of the Commission's intimation, and accordingly prayed for a lenient view for the Appellant's efforts to comply with the directives.
4. Controverting the arguments of the Appellant, the Respondent, *inter alia*, contended that the instant appeal is devoid of merit, as the imposition of penalty upon the Appellant is based on established and admitted non-compliance of the Appellant. The Respondent stated that the Impugned Order judicially considered both the written and verbal submissions of



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the Appellant for the questioned delay in reporting the 16 instances and thereafter establishing the non-compliances on part of the Appellant. The Respondent stated that during the course of hearing, the Appellant admitted to the default of delayed reporting on its part, therefore, admission on part of the Appellant is established. The National Risk Assessment 2019 (the "NRA 2019") clearly established that irrespective of any holiday or weekend, the compliance needs to be carried out within the time period provided. The Respondent further stated that there was a delay of 3 days in filing of compliance, and even a one-day delay is critical for such a matter. While concluding the arguments, the Respondent prayed that the Impugned Order be upheld and penalty imposed remain in field.

5. The Appellate Bench (the "Bench") has heard the arguments of both the parties and perused the record. The Bench is of the view that the Appellant had a responsibility to strictly adhere to any guidelines being issued by the Commission and also that compliance reports be filed in a timely manner before the Commission. However, the Bench appreciates that the Appellant has been making positive and constructive efforts for compliance with the directives being circulated, but nonetheless, the Appellant was under an obligation to send out compliance reports to the Commission in a timely manner, and in the instant appeal, this delay is admitted by the Appellant.
6. However, considering the Appellant's efforts with regard to the compliance measures, the Bench deems it just and appropriate to reduce the penalty to Rs. 60,000/-, but at the same time the Appellant is also directed to strictly comply with any of the directives being issued by the Commission in future. The Appeal is, therefore, disposed of with no order as to costs.

(Abdul Rehman Warraich)
Commissioner

(Mujtaba Ahmad Lodhi)
Commissioner

Announced on:

05 MAY 2025