

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

In the matter of Show Cause Notice issued to Axis Global Limited

Date of Hearing

March 13, 2020

Order-Redacted Version

Order dated March 30, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Axis Global Limited. Relevant details are given as hereunder:

| Nature | Details |
|------------------------|---|
| 1. Date of Action | Show cause notice dated December 13, 2019 |
| 2. Name of Company | Axis Global Limited |
| 3. Name of Individual* | The proceedings were initiated against the Company i.e. Axis Global Limited and its Board of Directors. |
| 4. Nature of Offence | Proceedings under Section 40A of SECP Act, 1997 for violations of inter-alia Regulation 4(d), 6(5a), 6(8), 9(4) and 13(3) of 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 submissions and arguments of the Respondents and their Authorized Representatives in light of the requirements of applicable provisions of the Regulations. It has also been noted that previously, the Company was penalized on account of violations of AML Regulations, 2018. In the instant proceedings, I am of the considered view that the Company did not ensure its compliance with the mandatory provisions of the Regulations as detailed hereunder:</p> <p>(i) It has been contented that the Company screens all of its customers. However, the allegation relates to screening of authorized persons, beneficial owners, board of directors, trustees and office bearers of its customers. The Respondents have failed to demonstrate as to how, in the absence of a database of authorized person, beneficial owners, board of directors, trustees and office bearers of its customers, the same can be screened against the proscribed persons/entities. This state of affairs does not mitigate the risk of failure in identifying any possible indirect relationship with the proscribed persons/entities. Therefore, the violations of Regulation 4(a) and Regulation 13(7) are established.</p> |



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

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| | <p>(ii) The AML Regulations make it mandatory for the Respondent to conduct verification of identity documents through NADRA Verisys. As per the submitted documents, the Respondent has approached NADRA for acquiring Verisys system post inspection. I have noted the Respondent's casual attitude and delayed efforts to acquire the means to comply with the mandatory requirement of the Regulations, The Regulations do not allow the practice of exempting verification of CNICs from NADRA Verisys on the pretext that RP has seen the original CNICs. Therefore, violations of Regulation 6(4) read with Annexure I to the Regulations are established.</p> <p>In view of the foregoing reasons, I am of the considered view that multiple violations of the applicable provisions of Regulations, as narrated in the foregoing para 8, have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of Rs. 650,000/- (Rupees Six Hundred Fifty Thousand Only) is hereby imposed on the Company. The Company hereby directed to fully implement counter ML and TF measures including but not limited to formulation and implementation of policies, procedures and controls to ensure that the applicable requirements contained in the AML/CFT Regulations, 2018 are meticulously complied in true letter and spirit. It is further directed that the Company shall submit its compliance report to the Brokers Compliance Department, Securities Market Division, Karachi within one month of date of this Order in respect of all the obligatory measures under the Regulations particularly the required CDD/EDD measures in respect of its customers, monitoring of accounts/ transactions of its customers and screening of its entire customers' database.</p> <p>Penalty order dated March 30, 2020 was passed by Executive Director (Adjudication-I).</p> |
| 6. Penalty Imposed | A penalty of Rs. 650,000/- (Rupees six hundred and fifty thousand) was imposed on the Company. |
| 7. Current Status of Order | No appeal was filed. |

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