



186

**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN****Adjudication Department-I****Adjudication Division****Before****Mahboob Ahmad, Additional Director/Head of Wing**  
**(Licensed Entities-Adjudication Department-I)**

In the matter of

**Ocean Securities Limited**

Show Cause Notice No. & Issue Date:	2(463)SMD/Adj-1/2024-67 dated August 30, 2024
Date of Hearing:	October, 07 2024
Present at the Hearing:	Mr. Asif Latif, Compliance Officer (Authorized Representative)

**ORDER**

**UNDER REGULATION 31 OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (ANTI MONEY LAUNDERING, COMBATING THE FINANCING OF TERRORISM AND COUNTERING PROLIFERATION FINANCING) REGULATIONS, 2020 READ WITH SECTION 6(A)(2)(H) OF THE ANTI-MONEY LAUNDERING ACT, 2010 AND RULE 4(1)(A) AND 6(1) OF THE AML/CFT SANCTION RULES, 2020**

This Order shall dispose of the proceedings initiated through the Show Cause Notice No. 2(463)SMD/Adj-1/2024-67 dated August 30, 2024 (**the SCN**) by the Securities and Exchange Commission of Pakistan (**the Commission**) against Ocean Securities Limited (**the Respondent and/or the Company**) on accounts of alleged contravention of Regulation 25(1)(a) read with Regulation 31 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing) Regulations, 2020 (**the AML/CFT/CPF Regulations**), Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010 (**the AML Act**) and Rule 4(1)(a) and 6(1) of the AML/ CFT Sanctions Rules, 2020 (**the AML/CFT Rules**).

2. During the Inspection for the compliance status of the Respondent with the requirements of the AML/CFT/CPF Regulations for the period **April 01, 2023 to March 31, 2024** (**the Inspection Period**) it was observed that the Respondent failed to perform the periodic screening and also did not perform the screening prior to submission of Compliance status with the Commission against the following SROs, in contravention of Regulation 25(1)(a) of the AML/CFT/CPF Regulations.

- (i) SRO NO. HD Punjab-SO(IS-1)4-23/2022 Dated 12-April-2023 (1 Individual Deleted)
- (ii) SRO NO. HD Punjab-SO(IS-1)4-10/2023 & 10/2022 Dated 14-March-2023 (4 Individual Addition) and
- (iii) SRO NO. HD Punjab-SO(IS-1)4-10/2022 Dated 16-January-2024 (2 Individual Deletion)

Page 1 of 3



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I Adjudication Division

In this regard, the Respondent in response to Letter of Findings (LOF) submitted, *"Previously we were screening data manually, now we have taken LSE backup screening software and will perform screening through LSE software."*

In view of above, the Respondent, *prima facie*, contravened Regulation 25(1)(a) of the AML/CFT/CPF Regulations.

3. The aforementioned non-compliances attract the applicability of Regulation 31 of the AML/CFT/CPF Regulations read with Section 6(A)(2)(h) of the AML Act and Rule 4(1)(a) and 6(1) of the AML/CFT Rules.

4. In taking cognizance of the aforesaid matter, the SCN was issued to the Respondent, calling upon it to show cause in writing as to why penalty as provided under Regulation 31 of the AML/CFT/CPF Regulations read with Rules 4(1)(a) and 6(1) of the AML Rules and Section 6(A)(2)(h) of the AML Act, may not be imposed on it for contravening the above-mentioned provisions of the law. In response to the SCN, the Respondent vide its letter dated October 04, 2024 has submitted as under:

- Performing screening of all SROs and submit within due dates.
- JIT checked the Company's AML portal, and there was no un-submitted SRO.
- The acknowledgement of the submitted SRO is received on the Company's email, which was provided to the JIT **except** three SROs mentioned in the SCN.
- Unable to find SROs in the email and unable to find the mistake where occurred, as email address of the Company has been changed, so that Company may not face the same problem again.
- The Company always tried to comply with all the rules and regulations, therefore, requested to forgive the inadvertent mistake.

5. In order to provide the Respondent an opportunity of personal representation, hearing in the matter was fixed for October 07, 2024 which was attended by Mr. Asif Latif-Compliance Officer, as its Authorized Representative (**the Representative**). During the course of hearing, the Representative explained reasons for the alleged non-compliances, as narrated in the SCN. The Representative reiterated the same stance as taken in its letter dated October 04, 2024 and stated that the Respondent has been regularly submitting the compliance status against the SROs and the evidence of performing the screening against the same was also provided to the JIT. Moreover, the Representative requested to condone the inadvertent mistake and take lenient view in the matter.

6. I have examined the facts of the case in light of the applicable provisions of the law, written as well as verbal submissions and arguments of the Representative. At this juncture, it is essential to address the following:

**(i) Whether the Respondent performed screening prior to the submission of compliance status against the specified SROs?**

With regard to the screening performed prior to the submission of compliance status, the Representative stated that screening had been conducted against the highlighted SROs before submitting the compliance status, contrary to the Respondent's response to the LOF. The



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I

### Adjudication Division

Respondent submitted, "Previously we were screening data manually, now we have taken LSE backup screening software and will perform screening through LSE software".

The Representative failed to substantiate that screenings were conducted prior to the submission of the compliance status, therefore, it demonstrates that the Respondent failed to perform the required screenings for the aforementioned SROs before submitting the compliance status, as required under Regulation 25(1)(a) of the AML/CFT/CPF Regulations.

**(ii) Whether the Respondent performed periodic screening as required under Regulation 25(1)(a) of the AML/CFT/CPF Regulations?**

With regard to periodic screening, the Representative in written response and during the hearing stated that periodic screenings were regularly performed. However, the Representative failed to substantiate that periodic screening was performed by the Respondent, therefore, it demonstrates that the Respondent failed to perform periodic screenings as required under Regulation 25(1)(a) of the AML/CFT/CPF Regulations.

7. In view of the above and the submissions made by the Representative, non-compliances/contraventions of the Regulation 25(1)(a) of the AML/CFT/CPF Regulations have been established, which attract the applicability of Regulation 31 of the AML/CFT Regulations read with Rules 4(1)(a) and 6(1) of the AML Rules and Section 6A(2)(h) of the AML Act. I, hereby, in terms of powers conferred upon me under Section 6(A)(2)(h) of the AML Act read with Regulation 31 of the AML/CFT Regulations, impose a penalty of **Rs. 80,000 /- (Rupees Eighty Thousand only)** on the Respondent on account of established default.

8. The Respondent is hereby directed to deposit the aforesaid fine in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and furnish receipted voucher issued in the name of the Commission for information and record.

**(Mahboob Ahmad)**

Additional Director / Head of Wing  
Licensed Entities - Adjudication Department-I

**Announced:**

November 21, 2024  
Islamabad

