

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

In the matter of Show Cause Notice issued to TPL Life Insurance Limited

Date of Hearing

December 18, 2019

**Order-Redacted Version**

Order dated January 3, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of TPL Life Insurance Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show Cause Notice dated November 29, 2019
2. Name of Company	TPL Life Insurance Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company and its Board of Directors (Through Company Secretary).
4. Nature of Offence	Alleged violations of Regulation 4(a)&(b), Regulation 6(3), Regulation 6(4), Regulation 6(5a), Regulation 6(8), and Regulation 20 (aa), (a) & (b) of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018
5. Action Taken	<p>Relevant extracts from the Order on findings and outcome of the matter are as follows:</p> <p><i>“14. I have examined the submissions of the Authorised Representatives as well as the requirements of applicable provisions of the Regulations. I am of the considered view that the Company did not ensure its compliance with the mandatory provisions of the Regulations in the following instances:</i></p> <p>(i) <i>Admittedly, HR Policy of the Company does not include employees’ screening under AML/CFT requirements. Moreover, the Authorized Representatives stated that the Company has engaged a third party for screening of only senior executives of the Company. These facts establish violations of Regulation 4(a) &amp; (b), Regulations 20(aa) and 20(a) of the Regulations that categorically require</i></p>



# Securities and Exchange Commission of Pakistan

## Adjudication Division Adjudication Department-I

	<p><i>that a regulated person shall have the screening procedures at the time of hiring all employees and shall develop and implement comprehensive due diligence policy and procedure including but not limited to verification of antecedents of employees to ensure that person being hired has a clean history.</i></p> <p>(ii) <i>Training &amp; Development Policy provided to the inspection team is part of HR Manual, which approved by the Board of Directors of the Company. As such, extract from HR manual was not signed and stamped. However, the Company did not carry out Training Need Analysis (TNA) for AML/CFT knowledge and awareness of its employees. Further, the training material lacks the contents on beneficial ownership, identification of beneficiary, on-going monitoring and screening. The issues highlighted in the training material have been duly noted by the Company and going forward, the Company has given assurance that these issues would be addressed in the upcoming trainings. However, the aforesaid deficiencies establish non-compliance with Regulation 20(b) of the Regulations.</i></p> <p>(iii) <i>AML/CFT Policy of the Company has not addressed the identification of forward/backward link of a potential policyholder to screen it against a proscribed person or entity. The Company has stated that information about blood relations of potential clients is insufficient for screening of beneficial owner/beneficiary/nominee against proscribed individuals/entities which establish violations of Regulations 6(3) and 6(5a) of the Regulations. However, going forward, the Company has given assurance that it would alter the due diligence to include relations of customers for screening purposes.</i></p> <p>(iv) <i>In order to counter the issue of non-submission of KYC information/documents by corporate clients, it has appointed a consultant who retrieves the requisite information/documents. However, the Company did not obtain the requisite documents in respect of the specified corporate client. The Company has submitted in its reply that now the requisite documents have been received. Therefore, violation of Regulation 6(4) of the Regulations is established.</i></p>
--	--



# Securities and Exchange Commission of Pakistan

## Adjudication Division Adjudication Department-I

	<p>(v) <i>The Company did not carry out quarterly screening of its customers' database, as per the approval dated August 28, 2019 of its Board of Directors. The Company has stated that the quarterly screening would be carried out on December 16, 2019. Therefore, violations of Regulation 4(a) and Regulation 6(3)(a) of the Regulations is established.</i></p> <p>15. <i>In view of the foregoing facts, I am of the considered view that flagrant and multiple violations of the provisions of Regulation 4(a) &amp; (b), Regulation 6(3), Regulation 6(4), Regulation 6(5a), Regulation 20(a), Regulation 20(b) of the Regulations have been established. Therefore, in terms of powers conferred under section 40A of the Act, a penalty of <b>Rs. 650,000/- (Rupees Six Hundred Fifty Thousand only)</b> is hereby imposed on the Company."</i></p>
6. Penalty Imposed	Penalty of <b>Rs. 650,000/- (Rupees Six Hundred Fifty Thousand only)</b> was imposed on the Company.
7. Current Status of Order	Appeal was filed under Section 33 of the Securities and Exchange Commission of Pakistan Act, 1997 before the SECP's Appellate Bench.

Redacted version issued for placement on website of the Commission.