

Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 13 of 2020

Come Foundation

...Appellant

versus

Commissioner (CCD)

...Respondent

Date of Hearing: 17/09/2020

Present:

For the Appellant:

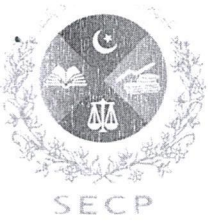
- i. Mr. Ruh ul Amin, CEO, Come Foundation
- ii. Mr. Shahid Azad, Assistant Manager, Come Foundation

For the Respondent:

- i. Mr. Jawed Hussain, Executive Director (Adjudication-II)
- ii. Mr. Nasir Askar, Director (Adjudication-II)
- iii. Mr. Muhammad Farooq, Additional Director (Adjudication-II)
- iv. Mr. Abdul Qayyum, Joint Registrar (Adjudication-II)

ORDER

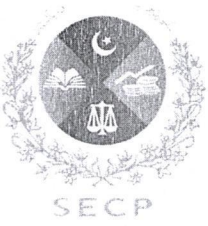
1. This Order is passed in Appeal No. 13 of 2020 filed under section 33 of the Securities and Exchange Commission of Pakistan Commission Act, 1997 (the SECP Act) against the order dated 29/08/19 (the Impugned Order) passed by Commissioner (CCD) (the Respondent No.1).
2. The brief facts of the case are that M/s. Come Foundation (the Appellant) was granted a license in pursuance of section 42 of the Companies Act, 2017 (the Companies Act) on 14/12/17 and subsequently, the Appellant was registered on 22/03/18. The Commission ordered an Inspection vide order dated 19/03/19 in terms of section 221 of the Companies Act. The inspectors through



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their inspection report dated 29/03/19 reported that the Appellant had failed to maintain a registered office in terms of section 21 of the Companies Act and books of accounts and other records, as required to be maintained at the registered office, in violation of section 246 of the Companies Act. Furthermore, the Appellant had failed to maintain a functional website in violation of the requirements of SRO 634(I)/2014 dated 10/07/14. Additionally, due to non-maintenance of registered office address, the inspection team could not assess non-compliances if any especially from Anti-Money Laundering/Combating the financing of Terrorism (AML/CFT) perspective and any other evasions relating to affairs of the Appellant.

3. The Show-Cause Notice dated 19/06/19 (the SCN) was issued calling upon the Appellant and its Chief Executive to explain in writing and to appear in person or through an authorized representative for hearing on 04/07/19 to clarify the position. In response to the SCN, neither anyone appeared nor any written response was received from the Appellant. The SCN was also returned undelivered from the registered office address of the Appellant. The hearing was finally re-fixed for 31/07/19 and notices were also sent to the residential addresses of directors of the Appellant. The notices were, however, returned undelivered from both the registered office address of the Appellant as well as from the residential addresses of the directors of the Appellant.
4. The Respondent held that it is apparent that the Appellant and its Chief Executive have violated the mandatory requirements of the law which attracts action as provided under section 42(5) of the Companies Act. Therefore, the license of the Appellant was revoked by the Respondent and the Appellant was directed to proceed in terms of section 43 of the Companies Act failing which necessary proceedings under section 44 shall be initiated.
5. The Appellant stated that they have preferred the appeal on the grounds that the Appellant has been established with a purpose to facilitate the public and due to a death in the family, the registered office was not being maintained properly, therefore, the inspection team could not access them or serve the SCN. The Appellant further pleaded that leniency be shown and the license restored so that the Appellant's new management could comply with the regulatory requirements.



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6. The Respondent rebutted the arguments of the Appellant on the grounds that the Appellant had violated the mandatory requirements of the law and had accepted the default, therefore, the appeal should be dismissed.
7. We have heard the parties i.e. the Appellant and the Respondent. We are of the view that the Appellant has not given cogent reasons for failing to maintain a registered address, books of accounts and a functional website which is the prime responsibility of a license holder. Furthermore, no lenient view can be taken as it is the responsibility of every company especially a non-profit company to fully comply with the regulatory requirements at all times.
8. In view of the foregoing, we see no reason to interfere with the Impugned Order. The Impugned Order is, therefore, upheld with no order as to costs.

Sadia Khan

Commissioner (SCD-S&ED, INS-SD, AML)

Farrukh Sabzwari

Commissioner (SCD-PRDD)

Announced on:

23 OCT 2020