

# Securities and Exchange Commission of Pakistan

## BEFORE APPELLATE BENCH NO. 1

In the matter of

Appeal No. 66 of 2017

Omni Capital Management (Pvt.) Limited ...Appellant

Versus

Commissioner (Securities Market Division),  
Securities and Exchange Commission of Pakistan ...Respondent

Date of Hearing: 11/10/17

### Present:

For the Appellant:

(i) Mr. Imran Mehmood, Manager, Omni Capital Management (Pvt.) Limited

For the Respondent:

(i) Mr. Faisal Nawaz, Joint Director (SMD)

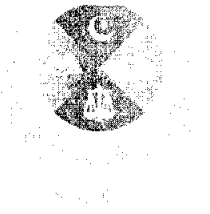
(ii) Mr. Javed Akhtar Malik, Joint Director (SMD)

(iii) Mr. Asif Khan, Deputy Director (SMD)

### ORDER

1. This Order is passed in the matter of appeal No.66 of 2017 filed under section 33 of the Securities and Exchange Commission of Pakistan (Commission) Act, 1997 (SECP Act) against the order (Impugned Order) dated 30/05/17 passed by the Respondent

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2. The brief facts of the case are as follows:

- (a) Review of the Financial Reporting System (FRS) data revealed that M/s Omni Capital Management (Private) Limited (Appellant) had not filed quarterly financial return through the online FRS for quarter ended 30/06/16, 30/09/16 and 31/12/16 in contravention of Commission Circular No. 4 of 2013 dated 16/04/13. This is despite the fact that the Commission arranged the awareness and training sessions for the TREC holders on FRS in Islamabad, Lahore and Karachi.
- (b) The Appellant had not sent details of all its bank accounts with the Head of Department, Surveillance, Supervision and Enforcement Department of the Securities Market Division of the Commission as required through PSX notice dated 08/02/17 and despite sending reminder letter by the Commission on 17/03/17 to the Company.
- (c) The Appellant had not submitted hard copy of its annual accounts for the year ended 30/06/16 with HOD-SSED Department as required through PSX notice dated 08/02/17, PSX notice dated 22/02/17 and despite sending repeated reminder letter by the Commission on 16/03/17 to the Company.
- (d) The Appellant had not submitted hard copy of its half-yearly accounts for the period ended 31/12/16 with the HOD-SSED Department as required through PSX notice dated 08/02/17 and despite sending reminder letter by the Commission on 17/03/17 to the Company.

3. Show Cause Notice dated 12/04/17 (SCN) was issued to the Appellant under section 150(1) and 150(2) of the Securities Act, 2015 (Securities Act). The Appellant filed a reply vide letter dated 19/04/17 and hearing in the matter was held on 27/04/17. On the given date, Mr. Nadeem Basheer, Chief Executive Officer of the Appellant attended the hearing and made his submissions.

4. The Respondent dissatisfied with the response of the Appellant held that as a result of non-filing of quarterly financial reports by the Appellant through online FRS with the

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Commission, it had been established that the Appellant was non-compliant at the time of issuance of SCN. The Appellant had accepted during the hearing that it had not filed quarterly FRS for the quarter ended 30/06/16, 30/09/16 and 31/12/16, however, subsequently it was reported by the concerned department i.e.SSED that the Appellant had later filed two out of three pending quarters' data in FRS as referred in the SCN. Furthermore, the Appellant had taken the plea that details of bank accounts, filing of half-yearly and annual accounts had already been provided to PSX which is neither acceptable nor tenable as the PSX notices on the matter categorically required that the same should also be submitted to HOD-SSED in the Commission. Furthermore, it had been observed that the Appellant had subsequently provided details of its bank accounts along with hard copies of its annual and half-yearly accounts as referred in the SCN. The Appellant, however, did not provide the requisite documents to HOD-SSED and filed the quarterly financial data through FRS prior to issuance of SCN. The Appellant had still failed to file quarterly financial return through the online FRS for the quarter ended 31/12/16 and thus failed to discharge its regulatory obligations. The violation of regulatory framework was a serious matter. Therefore, in exercise of powers under section 150 of the Securities Act, a penalty of Rs 100,000/- was imposed on the Appellant. The Appellant was directed to file all overdue financial returns through FRS within 30 days from the date of the Order. The Appellant was further directed to ensure strict compliance with the regulatory framework in letter and spirit, in future.

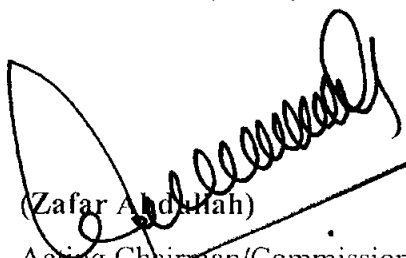
5. The Appellant preferred the appeal on the grounds that full compliance has been made of the regulatory obligations and the quarterly financial return for the quarter ended 31/12/16 was also filed with the Commission after the Impugned Order was passed. Therefore, lenient view should be taken and the Impugned Order should be set aside.
6. The Respondent rebutted the arguments of the Appellant on the grounds that the penalty was imposed through the Impugned Order after following due process of law. The Appellant did not file the quarterly financial data through FRS prior to issuance of SCN.



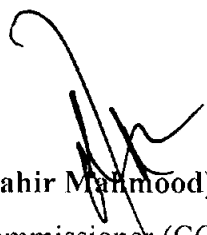
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Furthermore, the Appellant also failed to file quarterly financial return through the online FRS for the quarter ended 31/12/16 and thus failed to discharge its regulatory obligations which eventually led to imposition of penalty through the Impugned Order.

7. We have heard the parties. The Appellant's representative has admitted the default and stated that the quarterly financial return for the quarter ended 31/12/16 was subsequently filed after the Impugned Order was passed. The Respondent has argued that the Appellant failed to discharge its regulatory obligations which led to imposition of penalty.
8. We are of the view that the Appellant had not discharged its regulatory obligations at the time of passing the Impugned Order and, therefore, the Respondent rightly imposed penalty. In view of the foregoing, we see no reason to interfere with the Impugned Order. The Impugned Order is upheld with no order as to costs. The Appellant is further directed to ensure timely compliance of laws and regulations in future.

  
(Zafar Anjum)  
Acting Chairman/Commissioner (SCD)

Announced on **02 NOV 2017**

  
(Tahir Mahmood)  
Commissioner (CCD-CLD)