



# Securities and Exchange Commission of Pakistan

## BEFORE THE APPELLATE BENCH

In the matter of

### Appeal No. 77 of 2022

UBL Fund Managers Limited

Appellant

Versus

Director – Adjudication Department-I

Respondent

### Date of hearing:

September 25, 2025

January 15, 2026

### Present:

#### For the Appellant:

1. Ms. Sahar Iqbal, (Legal Counsel)
2. Mr. Mubeen Ashraf, Head of Compliance
3. Mr. Asif Qureshi, Chief Executive Officer
4. Mr. Faizan Haider Khan, Manager Compliance

#### For the Respondent:

1. Mr. Mubashar Saeed Saddozai, Executive Director, Adjudication Division, SECP
2. Mr. Sohail Qadri, Director, Adjudication-I, SECP
3. Ms. Asima Wajid, Additional Joint Director, Adjudication-I, SECP

## ORDER

1. This Order shall dispose of Appeal No. 77 of 2022 filed by UBL Fund Managers Limited (the “Appellant”) against the Order dated April 30, 2022 (the “Impugned Order”) passed by the Director – Adjudication-I, Securities and Exchange Commission of Pakistan (the “Respondent”) under section 282J of the Companies Ordinance, 1984 (the “Companies Ordinance”) and the applicable provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the “NBFC Regulations”).



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2. The brief facts of the case are that the Appellant is a subsidiary of UBL Bank Limited and is licensed by the Securities and Exchange Commission of Pakistan (the “Commission”) to perform asset management and investment advisory businesses under the NBFC Regulations and related regulatory framework. Pursuant to an inspection order issued under Section 282(1) of the Companies Ordinance and Section 6A(2)(f) of the Anti-Money Laundering Act, 2010, the Commission conducted an inspection of the Appellant Company’s operations, including fund management functions, portfolios under management, and compliance with applicable regulatory requirements. The Inspection Report, issued on July 15, 2021, highlighted several deficiencies, including: (i) failure to maintain proper records of Investment Committee meetings and separate investment and disinvestment decisions for each Collective Investment Scheme (“CIS”); (ii) non-maintenance of pre-trade sheets and related trading records; (iii) delay in uploading daily Net Asset Value (“NAV”) on the Appellant Company’s and MUFAP’s websites beyond the stipulated time; and (iv) absence of a complete risk profiling mechanism for all customers, thereby impairing the suitability assessment of CISs/plans. These deficiencies were found to constitute violations of regulations 38(2)(y), 38(2)(z), and 38(2)(s) of the NBFC Regulations; Clause 16.2 of the Master Circular dated June 30, 2020; Clauses 3 and 4 of Circular 2 of 2020; and Section 282J(1) of the Companies Ordinance. Consequent to these established non-compliances, the Respondent imposed a penalty of PKR 100,000 on the Appellant Company through the Impugned Order.
3. The Appellant contended that, as a licensed NBFC and subsidiary of UBL Bank Limited, it conducts its operations in accordance with international best practices and regulatory requirements, including management of voluntary pension schemes under the Voluntary Pension System Rules, 2005. It argued that the Show Cause Notice dated November 23, 2021 (the “SCN”), was responded to within the stipulated period with detailed explanations and supporting documentation, and that a personal hearing was attended in full compliance with the due process. According to the Appellant, the Impugned Order was issued hastily, disregarding its submissions and relying on unsupported narratives in violation of Qanun-e-Shahadat.
4. On governance matters, it was explained by the Appellant that following the October, 2019 revisions to the NBFC Regulations, the Investment Committee (“IC”) continues to set overall strategies for CISs and day-to-day investment decisions are executed by sub-investment



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committees, comprising the Chief Investment Officer, Fund Manager, and Head of Research, in accordance with IC-approved guidelines. The Appellant argued that this structure ensures transparency, introduces two-step checks, and enables efficient fund management, without contravening any regulatory provisions.

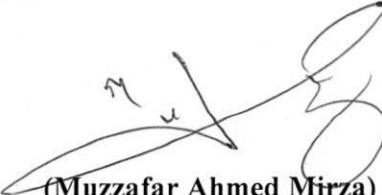
5. The Appellant argued that the IC monitors asset and sector allocation, approves the investible universe, and reviews portfolios on a daily basis and that records of IC meetings, investment decisions, and trade sheets were made available to the inspection team. The Appellant submitted that pre-trade recording requirements are largely administrative in nature, and that adequate controls, including deviation reporting and justification for any significant divergence from benchmarks, have been implemented.
6. The Appellant submitted that annual statements were dispatched in compliance with Regulation 38(2)(s), using both electronic and physical modes, and that minor discrepancies during the COVID-19 pandemic were promptly addressed. The Appellant contended that temporary delays in uploading NAVs were remedied once operational restrictions eased. The Appellant argued that customer risk profiling was carried out in accordance with SECP Circular 2 of 2020, incorporating suitability questionnaires and voluntary call-back measures for first-time equity investors. The Appellant emphasized that these measures demonstrate voluntary and proactive compliance with all applicable regulations and circulars.
7. The Respondent contended that the Impugned Order fully considered all submissions and evidence and that non-compliances concerning IC meeting records, separate investment and disinvestment decisions, scrip-wise exposures, pre-trade documentation, and risk profiling were established on merit. The Respondent argued that delegation of powers to sub-committees or administrative convenience does not exempt the Appellant from mandatory regulatory obligations.
8. The Respondent also submitted that the Appellant's regulatory permissions were correctly reflected in the Impugned Order and that the findings of non-compliance remain unaffected by the Appellant's claims regarding licensing. The Respondent further submitted that the process of issuing the SCN, the Appellant's response dated December 7, 2021, and the personal hearing conducted on January 17, 2022, was duly recorded in accordance with regulatory requirements.



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9. The Bench notes that the Appellant demonstrated proper oversight through its Investment Committee, maintained records of investment decisions and pre-trade sheets, and had processes in place for dispatching annual statements and daily NAV announcements. While minor gaps were observed during the inspection period, these were largely procedural and did not indicate systemic non-compliance.
10. The Bench finds that the Appellant's highlighted enhancements in governance and compliance following recent management changes, including the appointments of key officers and restructuring of Board Committees have strengthened internal controls, accountability, and the effectiveness of the compliance framework, reflecting a bona fide effort to address all areas of concern.
11. In view of the above, and considering the Appellant's good faith efforts and ongoing corrective measures, the Bench is satisfied that the penalty imposed was disproportionate to the nature of the contraventions. Accordingly, the PKR 100,000 penalty is set aside, subject to the Appellant maintaining and enhancing internal governance, reporting, and compliance systems in line with NBFC Regulations and SECP Circulars, to prevent recurrence of such procedural lapses.
12. The Appeal is therefore disposed of with no order as to costs.

  
(Zeeshan Rehman Khattak)  
Commissioner

  
(Muzzafar Ahmed Mirza)  
Commissioner

Announced on: **09 FEB 2026**