



# Securities and Exchange Commission of Pakistan

## BEFORE APPELLATE BENCH NO. I

In the matter of

### Appeal No. 90 of 2017

MIKON Securities (Pvt.) Limited

Appellant

Versus

The Commissioner (SMD), SECP, Islamabad.

Respondent

**Date of hearing:** 20/04/18

**Present:**

For Appellant:

- i. Mr. Muhammad Irfan-CEO

For Respondent:

- i. Mr. Asif Khan- Deputy Director (SMD)
- ii. Salman Arshad- Deputy Director (SMD)

### ORDER

1. This Order is in the matter of Appeal No. 90 of 2017 filed by MIKON Securities (Pvt.) Limited (the Appellant) against the Order dated 30/05/17 (the Impugned Order) passed by the Commissioner (SMD) under Section 150 of the Securities Act, 2015 (the Act).
2. Brief facts of the case are that the Appellant, in contravention of Securities and Exchange Commission of Pakistan (the Commission) circular No.4/2013 dated 16/04/13, failed to file quarterly financial returns through online Financial Reporting System (the FRS) for the following periods;

<u>S.No</u>	<u>Quarter Ended</u>
1.	30 June 2016



## Securities and Exchange Commission of Pakistan

2.	30 September 2016
3.	31 December 2016

3. In view of Pakistan Stock Exchange (the PSX), notice no. PSX/N-798 dated 08/02/17 the Appellant was required to send the details of all its bank accounts to the Securities and Exchange Commission of Pakistan (the Commission). However, despite the Commission's reminder dated March 17, 2017 the Appellant failed to comply with the requirement. The Appellant also failed to submit a hard copy of its annual accounts for the period ended 30/06/16 to the Commission, as required by the PSX notice no. PSX/N-798 dated 08/02/17, Notice no. PSX/N-797 dated 08/02/17 and Notice no. PSX/N-1118 dated 22/02/17. In this regard, the Commission also sent a reminder dated 16/03/17 to the Appellant, however, compliance was not observed. The Appellant also failed to submit a hard copy of the half-yearly accounts for the period ended 31/12/16 to Commission, as required through the PSX notice no. PSX/N-798 dated 08/02/17. In this regard, the Commission also sent a reminder dated 17/03/17 to the Appellant, however, compliance was not made.
4. A Show Cause Notice dated 10/04/17 was issued to the Appellant for the non-compliance. The Appellant filed its reply vide a letter dated 21/04/17. Hearing in the matter was held on 26/04/17, which was attended by Mr. Muhammad Irfan-CEO, (the Representative) who stated that; *"The Company is in process of its license renewal. As the Company does not started its operations, it was presumed that submission of financial data through FRS is not applicable on firm. The Company has now hired chartered accountant to upload the date in FRS"*. The Respondent, being dissatisfied with the response of the Appellant imposed a penalty of Rs. 400,000/- due to failure to discharge regulatory requirements.
5. The Appellant preferred this appeal and reiterated the submissions whereas, the Respondent has rebutted the grounds of appeal and stated that the Impugned Order has been passed in accordance with the law and non-compliance of the regulatory obligations is a serious offence, which cannot be ignored.



## Securities and Exchange Commission of Pakistan

6. The Appellate Bench (the Bench) has heard the parties and perused the record. Non-compliance of quarterly accounts, half-yearly accounts, annual accounts and bank details are apparent and established, therefore, the Appellant cannot be exonerated. Furthermore, ignorance of law is not an excuse to evade the consequences of blatant violations of the regulatory legal framework. However, as the Appellant has not started its operations and is in process of licence renewal, thus, the Bench is inclined to take a lenient view in the matter. Therefore, while maintaining the Impugned Order we, hereby, reduce the amount of penalty to Rs.200,000/- (Two Hundred Thousand Rupees).
7. The Appeal is disposed of accordingly, without any order as to cost.

  
(**Shaukat Hussain**)  
Commissioner (CCD-CLD)

  
(**Tahir Mahmood**)  
Commissioner (CSD-CLD)

Announced on: **08 MAY 2018.**