627

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

SECP

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company	M/s. Seedcred Financial Services Limited
Number and Date of Show Cause Notice	SECP/SCD/ADJ-1/SeedCred/62/2022-434 dated March 14, 2025
Respondents	(i) Ms. Gao Jing, Director; (ii) Mr. Cao Li, Director; (iii) Mr. Abrar Ameen, CEO/Director; (iv) Mr. Ishan Ali Nawaz Kanji, Independent Director; and (*Board of Directors of Seedcred Financial Services Limited*) (v) Seedcred Financial Services Limited
Date(s) of Hearing(s)	(i) April 21, 2025; (ii) April 30, 2025; and (iii) May 21, 2025
Case Represented By	(i) Huma Ejaz Zaman; (ii) Mr. Zahid Nawaz Cheema; (iii) Muhammad Umair Afzal; (iv) Mr. Hamid Abbas (*as Authorized Representative of Mr. Abrar Ameen*) (v) Ishan Ali Nawaz Kanji (*Representing* in his *personal capacity*) *No one appeared on behalf of Respondent No.(i),(ii), and (v)*
Provision of Law Involved	Rule 3, 5, and 7 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 read with Regulation 10 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Section 282 J (2) of the Companies Ordinance, 1984
Order dated:	June 11, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (**the "Commission"**) against M/s. SeedCred Financial Services Limited (**the "Company"**), and its Board of Directors, hereinafter collectively referred to as (**"Respondents"**) through Show Cause Notice SECP/SCD/ADJ-1/Seedcred/62/2022-434 dated March 14, 2025 (**SCN**) issued under rules 3, 5, and 7 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (**the NBFC Rules**) read regulation 10 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (**the NBFC Regulations**) and Section 282 J (2) of the Companies Ordinance, 1984 (**the Ordinance**).

2. The **Company** was incorporated on June 11, 2021 as a public unlisted company, under the Companies Act, 2017 (the **"Act"**) and was granted license by the Commission to carry out Investment Finance Services (**IFS**) under the NBFC Rules and the NBFC Regulations on July 16, 2021.

3. The provisions of sub-rule (8) of rule 5 of the NBFC Rules provides that the license granted to the NBFC is valid for three (3) years from the date of its issuance and is renewable upon expiry of the said period by making an application at least one (1) month prior to the expiry as set out in Form IV along with payment of a fee as specified by the Commission by notification in the official Gazette.

V

4. The provisions of sub-rule (9) of rule 5 of the NBFC Rules provides that the Commission may, after making such inquiry and after obtaining such further information, as it may consider necessary, renew the license for three years in Form V on such conditions, as it may deem necessary. Additionaly the provisions of first proviso to sub-rule (9) of rule 5 of the NBFC Rules provides that till such time that the license is renewed, the existing license shall be deemed valid for the purposes of these rules and the regulations unless the company fails to apply as specified in sub-rule (8) and fulfill all the requirements to the satisfaction of the Commission for the renewal of a license. Further the second proviso to sub-rule (9) of rule 5 of the NBFC Rules provides that if the company fails to apply within the stipulated time period and fulfills all the requirements to the satisfaction of the Commission, its license shall stand cancelled and the Commission may initiate further proceedings to give effect to the cancellation. Sub-rule (2)(aa) of rule 7 of the NBFC Rules provides further that an NBFC shall not appoint or change its Chief Executive Officer (**CEO**) or any of its Directors subject to fulfillment of the Fit and Proper criteria and prior approval of the Commission.

5. The brief facts of the case are that from perusal of the record maintained with the Commission revealed that the Company through separate applications had submitted the names of individuals for prior approval of the Commission for the appointment of its Directors and CEO in terms of rule 7(2)(aa) of the NBFC Rules. The said applications were found deficient and the Commission through various e-mails dated October 3, 2023; October 26, 2023; November 17, 2024; November 24, 2023; April 4, 2024; and June 5, 2024, sought further information / documents from the Company which are required under the Regulations. The said information includes the following:

- i SECP Filing Fee;
- ii legalized affidavits undertakings, and educational / experience certificates of proposed nominee director;
- iii Ministry of interior clearance, including Application form-I, MOA, AOA, profile and Passport copy/id card, documents of nominee company;
- iv Minutes of elections and AGMs;
- v Board resolution addressing the resignation of Directors/CEO along with their resignation letters;
- vi Necessary submission of documentary sets for onward submission to Ministry of interior in case of security clearance of foreign national.
- vii To submit a profile of suitable candidate for CEO, as the existing candidate did not possess the 7 years' experience of senior management and relevant experience as per the submitted resume and work experience certificates.

However, the complete information has not been provided by the Company to the requirement of the relevant provisions of law and regulation 10 (d) of the NBFC Regulations provides that any deficiency or shortcoming in the information or documents submitted by the NBFC to the Commission shall be rectified by the NBFC within 14 days of the issue of the letter by the Commission informing the NBFC of the deficiency or shortcoming provided that where the NBFC does not remove the deficiency or shortcoming, the Commission may close the matter.

6. The Company in terms of rule 5(8) of the NBFC Rules applied to the Commission for renewal of its IFS license on June 13, 2024 with incomplete information and documents, while the applications of the Company for prior approval of appointment of Directors and CEO under rule 7(2)(aa) of the NBFC Rules also remained pending with the Commission for want of requisite information as required by the Commission through various communications. By not responding to the queries raised by the Commission, failing to providing the requisite information, non-finalization of the applications for appointment of the Directors/CEO, the license of the Company could not be processed further for its renewal. Thus, the Company *prima facie* failed to fulfill the requirements for renewal of its license to the satisfaction of the Commission, in violation of sub-rule (9) of rule 5 of the rules.

7. The aforesaid contravention of the NBFC Rules attracts penal provisions contained in Section 282 J (2) of the Ordinance, which is reproduced as under:

Section 282 J (2) of the Ordinance:
"Penalty for failure, refusal to comply with, or contravention of any provision of this Part.- ....

(2) Without prejudice to the provisions of sub-section (1), in case of contravention of any provision of this Ordinance or rules or regulations made or non-compliance of any direction given or order passed thereunder by the Commission, the Commission may cancel or suspend any one or more of the licenses in respect of the various forms of business of the NBFC or registration granted to any notified entity, after issuing a show cause notice and giving such NBFC or notified entity as the case may be, an opportunity of being heard or pass any other order which may be deemed appropriate by the Commission."

8. In order to conclude the matter and to provide an opportunity of being heard, a SCN was issued to the Respondents to show cause in writing within fourteen (14) as to why the Commission may not proceed to cancel the license granted to the Company in terms of the aforesaid provisions. However, no response was received from or on behalf of the Respondents within the stipulated time.

9. In order to provide an opportunity for personal representation, hearing in the matter was first fixed for April 21, 2025, however, no one appeared on behalf of the Respondents nor any adjournment was sought. It is pertinent to observe for the record that the aforementioned SCN and the hearing notice were duly issued at the registered address of the Company as well as the personal addresses of the Respondents as per record available with the Commission. Moreover, the copies of the same were also send on the available email addresses of the Respondents.

10. Subsequently in order to provide another opportunity, hearing into the matter was re-fixed for April 30, 2025. Yet again no one appeared on behalf of the Respondents. However, in response to the second hearing notice, an email dated April 29, 2025 received from the Company Secretary of the Company, through email address b.tariq@barwaqtfintec.com, submitting as under:

"...we wish to bring to your attention that the Show Cause Notice dated March 14, 2025, referenced in your letter, was never received by our company, neither via physical delivery nor email.

As a result, we have been unable to review its contents or prepare a substantive response.

In light of the above, and considering that the senior management of Seedcred Financial Services Limited has decided not to renew the license."

11. To meet the ends of justice and to provide a final opportunity for personal representation to the Respondents, hearing in the matter was again fixed for May 21, 2025, which was attended by Ms. Huma Ejaz Zaman; Mr. Zahid Nawaz Cheema; Muhammad Umair Afzal; and Mr. Hamid Abbas as the Authorized Representatives of Respondent No (iii) (i.e. Mr. Abrar Ameen), and by Respondent No (iv) (i.e. Mr. Ishan Ali Nawaz Kanji). However, again no one appeared on behalf of the Respondents No (i), (ii) and (v).

12. The Authorized Representatives representing Respondent No. (iii) informed that their client had resigned and is no longer associated with the Company. Accordingly, they requested that Respondent No. (iii) be exonerated from the instant proceedings. They further sought additional time to submit a written response to the SCN on behalf of Respondent No. (iii) which was accepted, and they were directed to submit the written response latest by May 23, 2025. It was also communicated that in case of their failure to do so within the stipulated time the matter will be decided on the basis of available record and on merits. The Respondent No. (iv) during the hearing submitted that he had resigned on July 12, 2023, and is no longer associated with the Company. He, therefore, requested to be exonerated him from the instant proceedings as well. It is pertinent to observed that the written response to the SCN on behalf of Respondent No. (iii) has not been submitted to the Commission till date.

13. I have gone through the relevant provisions of NBFC Rules and NBFC Regulations, and considered the facts of the case, available record of the Company, as well as written submission by the Company Secretary of the Company made through email dated April 29, 2025 and verbal submissions made by Respondents No

(iii) and (iv) during the hearing held on May 21, 2025. I have also perused Section 282 J (2) of the Ordinance and am of the considered view that the Company has failed to provide the information to the Commission for appointment of its CEO and Directors in terms of rule 7(2)(aa) of the NBFC Rules. This failure persisted despite repeated reminders, rendering the said applications for prior approval of the Directors and CEO liable to be closed under Regulation 10(d) of the NBFC Regulations. Furthermore, in the absence of a legitimate Board of Directors duly approved by the Commission, the application submitted for renewal of license under rule 5(8) of the NBFC Rules remains deficient and, therefore, could not be processed. Consequently, the Company has failed to fulfill the necessary requirements for license renewal to the satisfaction of the Commission. In view of the Company's non-compliance with applicable provisions and failure to apply for renewal in the prescribed manner, the license of the Company is liable to be cancelled in terms of the second proviso to Rule 5(9) of the NBFC Rules. In view thereof, I, in exercise of the powers conferred upon me under sub-section (2) of Section 282 J of the Ordinance read with S.R.O. 1545(I)/2019 dated December 6, 2019, hereby, Cancel the License of the Company with immediate effect and the concerned Department of the Commission is advised to initiate the proceedings for winding up of the Company.

(Zeeshan Rehman Khattak)
Commissioner
Specialized Companies
Division

Announced:
June 11, 2025
Islamabad.

Distribution:
1. Divisional Head - Supervision Division
2. Divisional Head – Specialized Companies Division
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