



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION

Before Commissioner (SCD)

In the matter of Show Cause Notice issued to Orange REIT Management Company Limited under Section 199 (1) read with Section 282J (1) and Section 282M (1) of the Companies Ordinance, 1984

Date of hearing:

May 31, 2017

Present:

Orange REIT Management Company Limited i. Mr. Muhammad Aslam, Company Secretary
ii. Mr. Zahur Ahmed, Advocate High Court

Assisting the Commissioner (SCD)

i. Mr. Imran Inayat Butt, Executive Director
ii. Mr. Muhammad Jahangir, Joint Director

ORDER

This Order shall dispose of proceedings initiated against Orange REIT Management Company Limited (the "Company") through show cause notice (the "SCN") bearing No. SCD/PRDD/ADJ/ORMCL/01/2017- 43 dated May 19, 2017 under Section 199 (1) read with Section 282J (1) and Section 282M (1) of the Companies Ordinance, 1984 (the "Ordinance").

2. The brief facts of the case are that the position of Chief Executive Officer ("CEO") of the Company has been vacant since April 6, 2016. The Company vide its letter dated March 07, 2016 has also intimated the Securities and Exchange Commission of Pakistan ("SECP") about the resignation of the then CEO. Subsequent to the resignation of CEO, the Company has not submitted application for the appointment of CEO. As per the prevailing regulatory framework, the Company is required to fill the position of CEO within fourteen days from the date of the office of the CEO falling vacant.

3. Consequently, SCN dated May 19, 2017 was issued whereby the Company was called upon to show cause in writing by May 29, 2017 as to why penal action may not be taken for the above-mentioned irregularities and an opportunity of hearing was granted on May 31, 2017.

4. In response to the said SCN, the Company did not submit written reply. However, a hearing in the matter was held on May 31, 2017 which was attended by Mr. Muhammad Aslam, Company Secretary and Mr. Zahur Ahmed, Advocate High Court (collectively "the Respondents") on behalf of the Company. During the hearing, the Respondents made following submissions:



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- i. It is difficult to find a suitable person for the position of CEO
- ii. The Company is in process to fill the vacant position and interviews are in process
- iii. Three months' time period may be granted for the appointment of CEO

5. I have examined the facts of the case, relevant regulatory requirements and the arguments put forth by the Respondents during the course of hearing. As it has been stated by the Respondents that the Company is already in process of finding a suitable person for the position of CEO, therefore, I hereby direct the Company to fill the vacant position of CEO with a person fulfilling fit and proper criteria within two months from the date of this Order.

6. While giving an opportunity to regularize non-compliance, a suspended penalty of Rs. 500,000 is imposed on the Company in case it fails to appoint CEO within the timeline given in this Order. This fine must be deposited in the designated bank account maintained with MCB Bank Limited in the name of SECP within seven days from the expiry of deadline given in this Order for the appointment of CEO and furnish receipted bank challan to SECP. In case of non-deposit of the penalties, proceedings for recovery of the fines as arrears of land revenue will be initiated.

7. Moreover, I consider it necessary to mention that the licensed institutions are entities that have been granted permission for a specific form of business. This permission is subject to the premise that the institutions will undertake the licensed form of business in order to meet the objectives of sector growth, employment generation, higher economic activity and a viable business model for the investors. If an entity cannot undertake its licensed form of business then it should not be considered as a viable licensed institution.

8. In view of the above and considering the fact that the Company is licensed to provide REIT Management Services, it is expected that the Company shall fill the position of CEO within the above-mentioned period and shall undertake its licensed form of business after getting necessary regulatory approvals within an appropriate time.


(Zafar Abdullah)
Commissioner (SCD)

Announced: June 16, 2017 at Islamabad