



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division
Market Supervision and Registration Department (MSRD)

Before the Director/HOD (MSRD)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mr. Usman a beneficial owner of more than ten percent ordinary shares of AKD Capital Limited

Order

This Order will dispose of the proceedings initiated under Section 224(4) of the Companies Ordinance, 1984 ("**Ordinance**") by the Securities and Exchange Commission of Pakistan ("**Commission**") through Show Cause No. SMD/BOW/222/8(562)13 dated 26/06/2014 ("**Notice**") issued to Mr. Usman ("**Respondent**"), a beneficial owner of more than ten percent ordinary shares of AKD Capital Limited ("**Issuer Company**").

2. The facts of the matter leading up to aforesaid Notice are that the Issuer Company is a public listed company and the Respondent being a beneficial owner of more than ten percent ordinary shares of the Issuer Company was required to file returns of beneficial ownership on Form 31 and Form 32, for subsequent changes took place in his beneficial ownership from May 2008 to June 2008, within the period stipulated under Section 222 of the Ordinance. However, he failed to discharge the said obligations which attract penal provision contained in Section 224(4) of the Ordinance.

3. Section 222(2)(b) and Section 222(2)(c) of the Ordinance stipulate the period within which the Form 31 and Form 32 respectively are required to be submitted as under:-

222(2)(b) *"in any other case, including a case where the company is listed on the stock exchange after the commencement of this Ordinance or after the person has occupied the position or office specified in sub-section (1) or has acquired interest as beneficial owner of securities as aforesaid, within thirty days of occupying the office in the company or acquisition of interest as beneficial owner requiring submission of the return aforesaid or listing of the company on the stock exchange, as the case may be";*

222(2)(c) *"where there is any change in the position or interest as aforesaid including a change in the beneficial ownership of any equity, security, within fifteen days of such change";*





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4. On account of an enquiry carried out by the Commission, it was transpired that Respondent became beneficial owner of more than ten ordinary shares of the Company on 06/02/2008 by purchasing 894,990 shares. He also sold 837,700 shares of the Company during the period from 23/05/2008 to 18/06/2008. The Respondent was, therefore, required to file returns of beneficial ownership on Form 31 and Form 32 with the Commission, within the period stipulated under Section 222 of the Ordinance. But, he failed to do so. Therefore, he was asked, vide letter dated 26/02/2014, followed by reminder dated 04/04/2014 for filing of Form 31 and Form 32. But, he did not file the said returns of beneficial ownership, in contraventions of Section 222(2)(b) and Section 222(2)(c) of the Ordinance. The said contraventions attract penal provision of Section 224(4) of the Ordinance, which provides as under:-

“Whoever knowingly and wilfully contravenes or otherwise fails to comply with any provision of section 222, section 223 or section 224 shall be liable to a fine which may extend to thirty thousand rupees and in the case of a continuing contravention, non-compliance or default to a further fine which may extend to one thousand rupees for every day after the first during which such contravention, non-compliance or default continues”.

5. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, wherein, he was

- a) directed to file Form 31 (as first disclosure of beneficial ownership) and Form 32 showing therein details of subsequent changes in beneficial ownership with the Commission, within 14 days of the issue of said Notice, and
- b) called upon to show cause and explain through written reply along with documentary evidence, if any, within the above stipulated period as to why action may not be taken against him in pursuance of Section 224(4) of the Ordinance, for aforesaid contraventions of Section 222 of the Ordinance.

6. Neither the Respondent replied the Notice nor filed the returns of beneficial ownership. In order to provide an opportunity of being heard in person, hearing in the matter was fixed on 30/10/2014 at Commission's Karachi Office and on 18/11/2014 at the Head Office, Islamabad. But, the Respondent failed to attend the personal hearings. Moreover, he neither filed written reply to the Notice nor filed the returns of beneficial ownership, despite proper service of letter/Notice/hearing notices as well as clear intimation that in case of no reply/non-appearance in the hearing on the aforementioned dates the case would be decided, on the basis of documents available in the record.

7. Since, the Respondent did not reply the matter, therefore, in order to arrive at decision I have relied upon available record of this office, which reveals that he bought 894,990 shares of the Issuer Company on 06/02/2008 through AKD Securities Limited. Thereafter, he sold 837,700 shares during the period from 23/05/2008 to 18/06/2008 through the same

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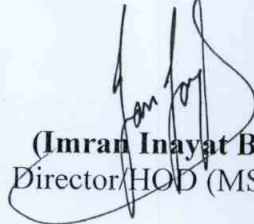
brokerage house. Thus, the Respondent was required to file Form 31 as first disclosure of beneficial ownership and Form 32 for subsequent changes in beneficial ownership, within the stipulated time limit. But, he failed to discharge his said legal obligations. The Respondent has contravened the provisions of Section 222 of the Ordinance. In view of the above, I am of the considered opinion that the Respondent has committed the violations. Therefore, in exercise of powers conferred under Section 224 (4) of the Ordinance, I hereby impose a fine of Rs. 60,000/- (sixty thousand rupees only) on the Respondent, as under:-

Nature of violation	Requirement of the law	Fine imposed (Rs.)
Section 222(2)(b)	Filing of Form 31, with 30 days of the acquisition of beneficial ownership	30,000/-
Section 222(2)(c)	Filing of Form 32, with 15 days of the change in beneficial ownership	30,000/-
Total		60,000/-

8. The Respondent is directed to deposit the fine in the account of the Commission being maintained in the designated branches of MCB Bank Limited within 30 days of the date of this Order and furnish Original Deposit Challan to this office.

9. This Order is issued without prejudice to any other action that the Commission/Registrar may initiate against the Respondent in accordance with the law on matter subsequently investigated or brought to the Notice of the Commission.




(Imran Inayat Butt)
Director/HOD (MSRD)

Islamabad.
Announced on November 25, 2014