



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

Before

Mr. Shahzad Afzal Khan, Director/Head of Department (Adjudication-I)

In the matter of

MSD CAPITAL EQUITIES (PRIVATE) LIMITED

Show Cause Notice No. & Issue Date:	No. 2(170)SMD/Adj-1/2019-1071 dated July 05, 2023
Date of Hearing:	July 31, 2023
Present at the Hearing: Representing the Respondent	Mr. Shafqat Ali, Consultant <i>Authorized Representative</i>

ORDER

UNDER SECTION 150(2) OF THE SECURITIES ACT, 2015 READ WITH REGULATIONS 34(3), 36(1) OF SECURITIES BROKER (LICENSING AND OPERATIONS) REGULATIONS, 2016 AND SECTION 84 OF THE SECURITIES ACT, 2015

This Order shall dispose of the proceedings initiated against MSD Capital Equities (Private) Limited (**the Company and/or the Respondent**) through Show Cause Notice No. 2(170)SMD/Adj-1/2019-1071 dated July 05, 2023 (**the SCN**) for its alleged failure to comply with the requirements of Regulations 34(3) and 36(1) of Securities Broker (Licensing And Operations) Regulations, 2016 (**the Regulations**) and Section 84 of the Securities Act, 2015 (**the Act**) read with Section 150(2) of the Act.

2. Brief facts of the case are that:

(i) the Respondent is a Trading Right Entitlement Certificate holder of the Pakistan Stock Exchange Limited (**the PSX**) and a regulated entity/ person licensed by the Securities and Exchange Commission of Pakistan (**the Commission**) under the Act.

(ii) it was transpired from the record of the Commission that:

a. the Company had failed to submit its annual audited financial statements for the year ended June 30, 2022 (**Financial Statements 2022**) by October 31, 2022 in accordance with the requirements of Section 84 of the Act and Regulations 34(3) and 36(1) of the Regulations; and

b. in response to the Commission's relevant Department emails dated May 30, 2023 and reminders dated June 07, 2023 and June 09, 2023. The Company did not submit any response in this





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regard.

(iii) the Respondent by not filing the required Financial Statements 2022 to the Commission within the specified time frame i.e. *within four months after the end of each financial year, prima facie*, has contravened the provisions of Section 150(2) of the Act read with Regulations 34(3) and 36(1) of the Regulations and Section 84 of the Act.

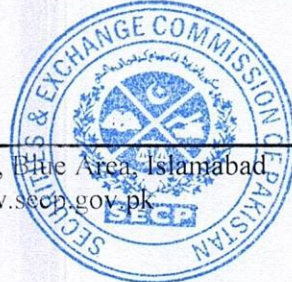
3. From the above, it appeared that the Respondent has contravened Regulations 34(3) and 36(1) of the Regulations. The said contravention attracted applicability of the aforesaid legal provisions. While taking cognizance of the aforesaid contravention, the SCN was served upon the Respondent requiring it to submit written reply within fourteen (14) days of the date of the SCN. In response to the SCN, the Respondent vide email dated July 19, 2023 inter alia, submitted that non-compliance of Regulation 36(1) of the Regulations was happened due to miscommunication between Auditors and the Company's Staff.

4. In order to provide the Respondent opportunity of personal representation, the hearing in the matter was fixed for July 31, 2023. The hearing was attended by Mr. Shafqat Ali, Consultant as authorized representative of the Respondent (the Representative). During the hearing proceedings, the Representative admitted the violation of law and reiterated the written argument earlier submitted in response to the SCN.

5. Subsequent, the Representative vide email dated July 31, 2023 submitted evidence i.e. the screenshot of SECP-eservice Portal showing filing of Audited Annual Financial Statements for years ended June 30, 2020, 2021 and 2022 on 19-Jul-2023.

6. Before proceeding to decide this case, I consider it necessary to highlight the importance of the strict observance of the mandatory provisions of law. Filing of Annual Audited Financial Statements as mentioned in Para 2 above with the Commission is crucial to demonstrate compliance, ensure transparency, facilitate monitoring and oversight, and meet legal obligations. It serves as a vital tool for maintaining regulatory control, promoting accountability, and safeguarding the interests of stakeholders and the public. However, it has been noted that the Respondent had failed to comply with the mandatory requirements of law and had not submitted the above-mentioned Financial Statements 2022 to the Commission within the prescribed time.

7. I have gone through the facts of the case and considered both written as well as verbal submissions of the Representatives in light of the applicable provisions of the law and the available record and have noted that the Respondent has admitted the violation of the law. Therefore, it is established that the Respondent did not ensure compliance with Regulations 34(3) and 36(1) of the Regulations read with Section 84 of the Act. However, considering the fact that as soon as the non-submission was realized by the Respondent, the required Financial Statements 2022 was filed by the Respondent, which reflects rectifying measures undertaken by the Respondent.





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8. In view of the above-stated facts and circumstances and submissions made by the Respondent, I, in exercise of the powers conferred upon me under Section 150(2) of the Act, impose penalty of **Rs.25,000/- (Rupees Twenty-Five Thousand Only)** on the Respondent.
9. The Respondent is advised to meticulously adhere to all applicable Laws, Rules, Regulations and Directions etc. notified/issued from time to time in true letter and spirit at all times.
10. This Order is issued without prejudice to any other action that the Commission may initiate against the Respondent or its Shareholder(s) / Director(s) in accordance with the law(s) on matter subsequently investigated or otherwise brought to the knowledge of the Commission.



(Shahzad Afzal Khan)
Director\ Head of Department
(Adjudication Department-I)

Announced:
August 11, 2023
Islamabad