



15

Securities and Exchange Commission of Pakistan
Adjudication Division
Adjudication Department 1

Through Courier

Before the Executive Director (Adj1)

In the matter of Show Cause Notice issued to M/s. Saath Microfinance Foundation Pakistan (SMFP)

Date of Hearing	December 13, 2019
Present at the Hearing Representing Saath Microfinance Foundation Pakistan.	i. Mr. Iftikhar Sultan (Compliance officer)

ORDER

This Order shall dispose of the proceedings initiated against the Saath Microfinance Foundation Pakistan (the "Company") through Show Cause Notice No. SCD/ADJ/SMFP/61/2019/91, dated November 29, 2019 (the "SCN") under Section 40A of the Securities and Exchange Commission of Pakistan Act 1997 (the "Act").

2. Brief facts of the case are that Saath Microfinance Foundation Pakistan is granted license to perform microfinance business under NBFC Rules 2003.

3. The Commission in terms of Statutory Regulatory Order ("SRO") No. 245(1)/2019 dated February 22, 2019 ("the SRO") had directed all Regulated Persons to comply with the reporting requirements and submit information in the prescribed manner with respect to the list of designated or proscribed persons/entities in relation to SROs issued by the Ministry of Foreign Affairs (MOFA) and intimations from National Counter Terrorism Authority (NACTA)/ Ministry of Interior (MOI).

4. The review of the Company was conducted during the period August 01, 2019 to October 31, 2019 to assess compliance status as prescribed under para iii of the SRO wherein it was revealed that the Company did not submit even a single compliance report in relation to SROs issued by MOFA and intimations from NACTA/ MOI regarding the list of designated or proscribed persons/entities either by submitting responses to the SROs/intimations through the automated reporting system or otherwise.

5. In view of the aforesaid, the Company *prima facie* acted in contravention of the direction issued through the SRO and Regulation 18(c)(v) of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018 ("AML Regulations").

6. The Commission therefore took cognizance of the aforesaid violations, issued SCN dated November 26, 2019 to the Company through its CEO. The Company vide its letter dated December 03, 2019 submitted its written response to the SCN.





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16

7. The Company contended that the SROs were not submitted due to lack of awareness of the staff in checking important emails sent by SECP. The Company contended that all SROs have been responded to and in future Company will be vigilant in responding.

8. The Respondents were accorded hearing opportunity on December 13, 2019, on which date Mr. Iftikhar Sultan (CO) attended the hearing as Authorized Representative. The Authorized Representative during the hearing reiterated the arguments provided in its reply to the SCN.

9. I have examined the written as well as oral submissions made by the Respondents and their Representative. It has been noted with concern that the Company had failed to submit even a single compliance report in relation to SROs issued by MOFA and intimations from NACTA/ MOI regarding the list of designated or proscribed persons/entities either by submitting responses to the SROs/intimations through the automated reporting system or otherwise during the review period.

10. Moreover, the Authorized Representative during the hearing admitted to the observation highlighted in the SCN regarding delayed submission of requisite reports and asserted that the Company has now complied with the SRO and submitted all compliance reports vide the SECP E-Services Portal.

11. In view of the foregoing and submissions made by the Authorized Representative during the hearing, it has been established that the Company failed to submit compliance report even after the receipt of direction issued by the Commission with regard to the SRO under Section 40A of the Act, a penalty of Rs 30,000 (Thirty Thousand Rupees) is hereby imposed on the Company. The Company is directed to deposit the aforesaid penalty in the account of the Commission being maintained in the designated branches of MCB Bank Limited within 30 days of date this Order and furnish the original deposit challan to this Office.

13. This Order is issued without prejudice to any other action that the Commission may initiate against the Company in accordance with the law on the matter subsequently investigated or otherwise brought to the knowledge of the Commission.

(Ali Azeem Ikram)
Executive Director
(Adjudication Department1)

Announced on
January 08, 2020
Islamabad

