



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

Before Commissioner (SCD)

In the matter of Show Cause Notice issued to the ex-employees of AWT Investments Limited under Section 282J (1) read with Section 282M (1) of the Companies Ordinance, 1984 for violation of Regulation 38(1)(a), 38(2)(b) and 38(2)(l) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Circular 26 of 2015.

Date of hearing: March 20, 2019

Present i. Mr. Abdul Wahab, Ex-Manager Investor Services Department, AWTIL

Assisting the Commissioner (SCD) i. Mr. Aamir Khan, Commissioner SCD
ii. Ms. Bushra Aslam, Executive Director
iii. Ms. Tanzila Nisar Mirza, Additional Director

ORDER

This Order shall dispose of proceedings initiated against the ex-employees of AWT Investments Limited ("AWTIL") through Show Cause Notice (the "SCN") bearing No. SCD/AMCW/ADJ/AWTIL/269/2019 dated January 31, 2019 under Section 282J (1) read with Section 282M (1) of the Companies Ordinance, 1984 (the "Ordinance").

2. The brief facts of the case are that upon receipt of a complaint on August 31, 2018 from Mr. Zahid Oosman (the "**Complainant**"), an enquiry was ordered under Section 282I of the Ordinance vide Order bearing number SCD/S&EDAWT IL/2018/252 dated November 19, 2018.

3. Based on the findings of the enquiry team, a Show Cause Notice ("SCN") dated January 31, 2019 was issued to the ex-employees of AWTIL to show cause in writing by February 7, 2019 as to why penal action may not be taken for alleged violations of Regulation 38 (1)(a), 38(2)(b) and 38(2)(l) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "Regulations") and Circular 26 of 2015. An opportunity of hearing in the matter was provided on February 14, 2019, which was adjourned due to want of information and documents by the ex-employees of AWTIL from SECP. The hearing eventually held on March 20, 2019.

4. Mr. Abdul Wahab (**Respondent**) vide his letter dated February 19, 2019 submitted his written reply, which is summarized as follows:

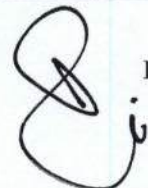
i	Response to the specific allegations against Mr. Wahab in Paragraph 10 of the Notice is that he, as Manager of the Investor Services Department ('ISD'), had failed to notice the non-availability of the original account opening form and email ID of
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	the Complainant and had changed the email addresses of the Complainant on receipt of the email from Shahzad Kaim Khani dated 31.08.2016 are incorrect and unsubstantiated. It is submitted that the Company records are not in his control or possession and therefore, he is unable to comment further on the same and deny the allegation. However, it is pertinent to mention that no account could have been opened with the Company without the account opening form, since this aspect is also verified and confirmed by the CDC for account opening purposes. As per standard procedure, the account opening form has to be vetted by the Compliance Department of the Company to identify any deficiencies and subsequently a copy of the same is then placed on record with the CDC since the account is established with the CDC. It is pertinent to note that sample checking of accounts is also carried out by SECP on a company and industry wide basis. In addition, it is also pertinent to note that this aspect was not highlighted as a deficiency in the compliance report of the Company for the quarter ended September 2016. Therefore, it is not possible that this form was not provided at the time of account opening with the Company.
ii	His response to the specific allegations against him in Paragraph 11 of the notice is that the allegation raised against him is without merit and/or substance. This is due to the fact that even if Shehzad Kaim Khani had requested that monthly statements not be sent to the accounts specified in the email or that the email addresses as provided in the account opening form be amended, the same could not have been done without the submission of a Special/Change of Information Form which has to be duly signed and submitted by the Complainant and subsequently vetted and approved by the Compliance Officer of the Company.
iii	SECP should obtain forensic evidence to ascertain whether the above email was sent at all and whether any change in the emails of the Complainant was actually made by ISD department on the request of Shehzad Kaim Khani.

5. The hearing in the matter was held on March 20, 2019, which was attended by Mr. Abdul Wahab. During the hearing Mr. Wahab, in addition to reiterating the arguments of his written reply also stated that it was the responsibility of the head of compliance department to forward the FEL and net of FEL details to the investor services department for onward submission to the customers. Letters and emails with copy to the compliance head were sent to each customer on every transaction. He further emphasized that no information could be altered without any service request form and a record was maintained for all such forms. He also stated that the responsibility of processing third party cheques lay with the transfer agent. The investor services department was responsible to check the redemption form in its entirety and to verify the contents and signatures. He emphasized that being the manager of the investor services department he had carried out his responsibilities efficiently.

6 Mr. Abdul Wahab who had been appointed as the Manager Investor Services Department, of the Asset Management Company and was conducting his responsibilities on behalf of the AMC, was as per the SCN, prima facie in violation of the following provisions of the regulatory framework.

S. No.	Relevant Provision of Law
i.	38(1) (a) "An Asset Management Company shall act in good faith and in the best interest of its unit/certificate holders without taking advantage for itself or any of its related parties, group companies or employees at the expense of its unit holders".



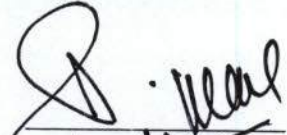
ii.	38 (2)(b) “An Asset Management Company shall be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as manager as if they were its own acts and omissions”
iii.	38 (2)(I) “An Asset Management Company shall manage the Collective Investment Scheme according to its Constitutive Documents, the rules, regulations, circular or directives issued by the Commission”
iv.	Circular 26 of 2015 an AMC is required to intimate the unit holder about the amount received, sales load charged and net amount invested in the collective investment scheme within 48 hours of the realization of funds on the prescribed format.

10. I have examined the facts of the case, written response submitted along with the arguments put forth by the Respondent during the course of hearing and the relevant regulatory requirements. I am of the considered view that Mr. Abdul Wahab has found to have performed his duties with responsibility as is reflected from his email of 24 October 2016 to Mr. Shahzad Kaim Khani to provide service request form of the customer to execute any change.

11. Further as stated by Mr. Wahab that the redemption forms were scrutinized thoroughly and found to be in order before passing, it on to the transfer agent for processing, reflects that he had done the due diligence that was expected of him as manager of investor services department.

12. It is hence, concluded that the arguments provided by the Respondents are tenable owing to the reasons mentioned above. Based on my observation at para 10 above, I am of the view that obligation to exercise all due diligence and vigilance in carrying out his duties and in protecting the interests of the complainant has been carried out by him diligently. Therefore, no violation of the regulatory framework is being recorded against him in this matter.

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 matter subsequently investigated or otherwise brought to the knowledge of the Commission.


Aamir Khan
 (Commissioner SCD)

Announced: April 18, 2019 at Islamabad