

Before Abid Hussain, Executive Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Faysal Asset Management Limited

Dates of Hearing

October 10, 2022

Order-Redacted Version

Order dated October 21, 2022, was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Faysal Asset Management Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated June 15, 2022.
2. Name of Respondent(s)	Faysal Asset Management Limited, (the Company and/ or the Respondent No.1) Mr. Khaldoon Bin Latif, Chief Executive Officer (Respondent No. 2) Mr. Faisal Ali Khan, Chief Financial Officer, Formerly Company Secretary (Respondent No. 3)
3. Nature of Offence	Alleged contraventions of <u>Rule 7(2) (aa) of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and Regulation 10(aa) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) read with Section 282J of the Companies Ordinance, 1984 (the Ordinance).</u>
4. Action Taken	Key findings were reported in the following manner: I have considered the written as well as verbal submissions of the Respondents and the Representative respectively and of the view that the Company was required to obtain approval from the Commission for the appointment of its CEO at the time of the election of its directors in the year 2019. Further, the Company, being an NBFC licensed to carry out Asset Management and Investment Advisory businesses and a wholly owned subsidiary of a listed Company, is expected to ensure and exhibit meticulous compliance with all applicable laws, as it deals with public money, and any omissions/decisions/acts by the company and its management will ultimately affect the interest of the public. By exhibiting negligence in fulfillment of the procedural requirement of obtaining the approval for the appointment of CEO as advised by the Commission, the Respondents remained non-compliant with the aforesaid regulatory requirement for a considerable time and the Respondents themselves admitted the default. Hence violation of rule 7(2) (aa) of the NBFC Rules and regulation 10 (aa) of the NBFC Regulations are established. Therefore, the Company is liable to be penalized under Section 282J (1) of the Ordinance. However, considering the fact that Respondent No. 2 was a fit and proper person for the

	<p>position of CEO duly appointed with the approval of the Commission in 2018 for the remainder term of his predecessor and he is also fulfilling the fit and proper criteria as of today and his re-appointment as CEO is approved by the relevant Department of the Commission in September 2022, convinced me that the continuation of holding the position of CEO by Respondent No. 2 from December 2019 to September 2022 appeared to be a procedural lapse. Therefore, a lenient view has been taken and in exercise of the powers conferred under Section 282 J of the Ordinance, I hereby, impose a token penalty of <u>PKR. (Rupees: One Hundred Thousand Only)</u> on the Respondent Company on account of the aforesaid established and conceded non-compliance. The Respondents are advised to ensure meticulous compliance with all the regulatory requirements in the future.</p>
5. Penalty Imposed	Rs. 100,000/-
6. Current Status of Order	Penalty Deposited and No Appeal has been filed by the respondents.