

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

In the matter of Show Cause Notice issued to Growth Securities (Private) (GSPL) Limited and Interactive Securities (Private) Limited (ISPL)

Date(s) of Hearing

September 29, 2022

Order-Redacted Version

Order dated October 20, 2022 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Growth Securities (Private) (GSPL) Limited and Interactive Securities (Private) Limited (ISPL). Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated May 31, 2022.
2. Name of Respondents	Growth Securities (Private) (GSPL) Limited (GSPL/ Respondent-I) and Interactive Securities (Private) Limited (ISPL/ Respondent-II)
3. Nature of Offence	Alleged contraventions of 2. Regulation 4(d) & 4(g) of the Securities Brokers (Licensing & Operations) Regulations, 2016 and Section 2(xiii) of the Act and Regulation 2(i)(c) of the Licensing Regulations defines "Control" & Sponsor read with Section 150(1) of the Securities Act, 2015 thereof.
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have gone through the facts of the case and considered the written and oral submissions of the Respondent and material available on record, in light of the aforesaid legal provisions and observed that:</p> <p>a) Respondent-I in its written reply and during the hearing proceedings, submitted that Mr. Shahid is a majority shareholder/ director in GSPL and does not have controlling interest in ISPL. Respondent-I further submitted that the two companies i.e. GSPL & ISPL does not have an overlap of management and control and are entirely independent and separate from one another. Further, the Respondent-I also that Mr. Muhammad Iqbal is only a shareholder in GSPL and does not have direct or indirect controlling interest in GSPL. Further, Mr. Muhammad Iqbal does not have any</p>

management position or say in the affairs of GSPL. Respondent-I further contended that the Commission has approved the securities brokers license of GSPL after scrutinization of compliance with all relevant laws and regulations as latest as in January, 2022.

- b) Respondent-2 in its written reply and during the hearing proceedings submitted that Mr. Muhammad Adnan is the majority shareholder and sponsor of ISPL which were bought from his own income in the year 2018 for which prior approval was granted by the Commission vide letter dated October 19, 2018, a copy of which was also provided in reply to the SCN. Respondent No. 2 further submitted that Mr. Muhammad Iqbal does not have any control of any other brokerage house and more specifically in GSPL, where he is merely a shareholder having made the investment several years ago and does not hold any post or position in the board and management of GSPL. Respondent No. 2 also provided that Ms. Aneela Kashif is only a shareholder and made investment from her own fund and does not participate in the management nor controls the decision of ISPL either directly or indirectly.

In view of the aforesaid arguments provided by Respondents, it has been observed that the relevant department of the Commission has already renewed the securities brokers licenses of the Respondents latest in January, 2022 after examining compliance with the requirements of the Securities Act, 2015, the Licensing Regulations and compliance of directors, sponsors and senior management officers with the fit & proper criteria as specified in Annexure B of the Licensing Regulations. No contravention of the Regulation 4(d) & 4(g) of the Licensing Regulations in terms of definition of control and sponsor as provided under Section 2(xiii) of the Act and regulation 2(i)(c) of the Regulations was highlighted at the time of renewal of license of the Respondents in January, 2022. Subsequently, the Respondents may not be penalized as they are operating under a valid license issued by the relevant department of the Commission. Therefore, the Respondents should not be held accountable in the instant matter.

Keeping in view the aforesaid, contravention of regulation 4(d) and 4(g) of the Licensing Regulations may not be established against the Respondents. Therefore, I, in terms of the powers conferred under Section 150(1) of the Act, hereby concluded the proceedings initiated through the SCN without imposing any monetary penalty or issuance of adverse order. The relevant

	<p>department of the Commission is advised to scrutinize compliance with the regulatory framework at the time of renewal of license of the Respondents and also check the fit & proper criteria for the applicant, directors, sponsors and senior management officers. Necessary action may be taken by the relevant department of the Commission, in case any contravention of the regulatory framework is established or if the application, its directors, sponsors and senior management offices fails to meet the fit & proper criteria as provided under the Licensing Regulations.</p>
5. Penalty Imposed	
6. Current Status of Order	No Appeal has been filed by the respondents.