



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division
Adjudication Department

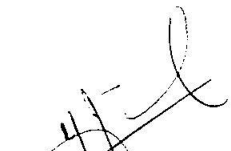
No. 2(138)SMD/ADJ/2019

October 25, 2019

BMF Consultants Pakistan (Pvt.) Limited,
Through its Chief Executive,
Room # 310 & 311,
3rd Floor, Anum Estate, Darul Aman Society,
Main Shahrah-e-Faisal, Adjacent to Baloch Colony Bridge,
Karachi.

SUBJECT: Order in Respect of Show Cause Notice dated September 02, 2019 Bearing Number No. No. 2(138)SMD/ADJ/2019

Please find enclosed herewith a copy of order dated October 25, 2019 the title matter for your record and necessary action.



Muhammad Faisal
Management Executive



Securities and Exchange Commission of Pakistan
Securities Market Division

Through Courier

Before the Commissioner (SMD)

In the matter of Show Cause Notice issued to BMF Consultants Pakistan (Pvt.) Ltd

Date of Hearing	September 12, 2019
Present at the Hearing Representing BMF Consultants Pakistan (Private) Limited	i. Mr. Abdul Basit, (Chief Executive Officer) ii. Mr. Abdul Manan (Counsel)

ORDER

This Order shall dispose of the proceedings initiated pursuant to Show Cause Notice (the "SCN") No. 2(138)SMD/ADJ/2019 dated September 2, 2019, issued to BMF Consultants Pakistan (Private) Limited (the "**Respondent**") by the Securities and Exchange Commission of Pakistan (the "**Commission**").

2. Brief facts of the case are that the Respondent was registered as Balloter and Transfer agent under the Balloters and Transfer Agents Rules, 2015 ("**Rules**") (now repealed). Share Registrar & Balloters, Regulations, 2017 (the "**Regulations**") were promulgated on January 11, 2017. Regulation 3 of the Regulations requires that a person registered as share registrar & balloters' agent (the "**SRB**") under the Rules, prior to coming into force of the Regulations shall be deemed to be licensed as SRB under the Securities Act, 2015 ("**Act**") and the Regulations till the time its existing certificate of registration remains valid. The existing certificate of registration of Respondent expired on November 26, 2018. However, no application for grant of license was received until August 06, 2019. The Respondent vide its letter dated August 06, 2019 admitted that it provided services as share registrar after expiry of its license. The Respondent, prima facie, performed the functions of SRB after expiry of its license in contravention of section 64 of the Act and regulation 3 of the Regulations attracting provisions of section 159 of the Act.

3. Further, the Respondent was required to enhance its paid-up capital to three million rupees by June 30, 2018 as per the requirement of regulation 4 of the Regulations. However, the Respondent initiated the process to increase its paid-up capital in April 2019, thereby,





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failed to comply with regulation 4 of the Regulations by June 30, 2018 attracting provisions of section 150 of the Act.

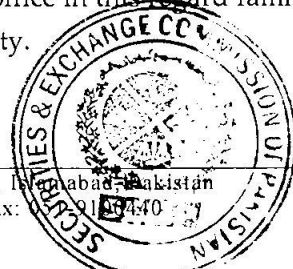
4. The Respondent, prima facie, acted in contravention of the Act and regulations. Accordingly, the Commission took cognizance of the aforementioned facts and served the SCN requiring the Respondent to explain its stance in person on September 12, 2019.

5. The Respondent appeared before the undersigned on the given date and time through Mr. Abdul Basit (Chief Executive Officer) & Mr. Abdul Manan (Counsel) (the "Representatives").

6. The Representatives during the hearing stated that the Respondent has been providing services of share registrar since the inception of the company in 2010. With regard to the delay in application for license as a share registrar, the Respondent admitted to the fact and provided that the application for license has been filed with a delay. The Respondent showed its intention to continue the business as a share registrar and requested to grant license so that it may resume its services. With regard to the enhancement of share capital, the Respondent submitted that due to limitation of resources, the paid-up capital requirement could not be met within time. The Respondent provided that they have now received the resources and will enhance the paid-up capital in near future however, failed to provide any evidence to substantiate its claim.

7. I have examined the oral submissions of the Respondent and its Representatives. The fact that application for grant of license was not made within the stipulated period, provision of services of share registrar after the expiry of the license and failure to increase its paid-up capital by June 30, 2018 has not been contended. Given that there was sufficient time for increasing paid-up capital as well as to apply for grant of license, the arguments of the Respondent does not hold merit. The requirements of law are clear and such reasons cannot be used as a defense for regulatory violations. The offense on part of the Respondent stands established.

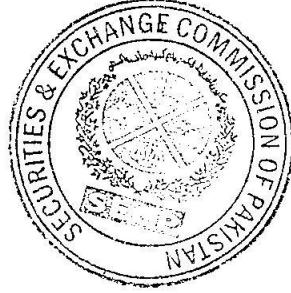
8. In view of the foregoing, contraventions of the provisions of law are evident. Therefore, in terms of powers conferred under section 150 and 159 of the Act, a penalty of **Rs. 25,000/- (Rupees twenty-five thousand)** is hereby imposed on the Respondent. Further, the Respondent is directed to increase its paid-up capital to Rs. 3 million by November 15, 2019 and submit the requisite documentary evidence to this office in this regard failing which the Respondent shall cease to undertake the regulated activity.

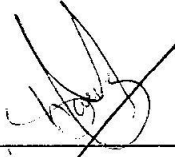




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9. This order is issued without prejudice to any other action that the Commission may initiate against the Respondent in accordance with the law on the matter subsequently investigated or otherwise brought to the knowledge of the Commission.





Shauzab Ali
Commissioner (SMD)

Announced on: 25th Oct, 2019
Islamabad