

Before Shauzab Ali, Commissioner (SMD)

In the matter of Show Cause Notice issued to Infinite Securities Limited

Date of Hearing	October 23, 2019
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Order-Redacted Version

Order dated November 10, 2020 was passed by Mr. Shauzab Ali, Commissioner (SMD) in the matter of Infinite Securities Limited. Relevant details are given as hereunder:

Nature	Details
• Date of Action	Show Cause notice dated October 16, 2019.
• Name of Company	Infinite Securities Limited.
• Name of Individual	The proceedings were initiated against the Company i.e. Infinite Securities Limited.
• Nature of Offence	Proceedings under Securities Act, 2015
• Action Taken	<p>Key findings of default of Regulations were reported in the following manner:</p> <p>I have carefully examined the facts of the case in light of the applicable provisions of the law and have given due consideration to the written as well as verbal submissions and arguments of the Respondents. I am of the considered view that the Respondents did not ensure their compliance with the mandatory provisions of the Regulations in the following instances:</p> <ol style="list-style-type: none">i. The Respondent is found non-compliant with the Fit and Proper Criteria as prescribed for applicant, sponsors, directors and senior management officer of securities brokers specified in Annexure B of the Regulation 2016 and same has also been confirmed from the Respondent letter dated September 3, 2019 wherein they had requested the Commission to give them three month time i.e. till November 30, 2019 to resolve the said issues and still not resolved as mentioned formerly.ii. Fit and Proper Criteria prescribed under regulatory frameworks i.e. Securities Brokers (Licensing and Operations) Regulations, is perpetual in nature and its compliance is mandatory. Extract of Annexure B of the Securities Brokers (Licensing and Operations) Regulations in this context is reproduced hereunder for reference: <i>"This <u>fit and proper criteria</u> is perpetual in nature, and its <u>compliance is mandatory</u>. All person subject to fit and proper criteria must submit any change in the submitted information including financial soundness to the company secretary of the securities broker within three business days and the securities broker shall within a period of seven business days report the same to the securities exchange and the Commission. "</i>iii. Annexure B of the Regulations while explaining the requirement

pertaining to “Financial Soundness and Integrity” stipulates as follows:

In case of overdue payment to any financial institution, CIB reports from the State Bank of Pakistan shall be examined and if there is any overdue/past due payment to a financial institution, irrespective of amount, in overdue column of latest CIB report of the person and of the companies, firms, sole proprietorship etc. where such person is a chief executive, director (other than nominee director), owner or partner etc., such person shall not be considered fit and proper person except:

- (a) in case where such overdue amount is under litigation and the same is also appearing as amount under litigation in CIB report: or
- (b) No overdue payment is appearing in the overdue column in the subsequent latest CIB report.

- iv. Section 151 of the Act empowers the Commission to prescribe the fit and proper criteria for licensed person or in case of company, member of the board of directors and senior management officers of licensed person.
- v. Therefore, the notice was rightly served to the Respondent for being non-compliant with the regulatory framework as prescribed under the Regulations. The Respondent has failed to comply with the eligibility and the prescribed fit & proper criteria on continuous basis and therefore, contravened the criteria set out in Annexure B of the Regulations and provisions of Regulation 16(l) (h) of the Regulations which attracts penal provisions of Section 150 and 152 of Securities Market Act. Considering that the eligibility/fit & proper criteria is perpetual in nature and its adherence is required at all given time; even any subsequent rectification, if any, does not undo the default of the Respondent.

In view of the foregoing facts, I am of the considered view that flagrant and multiple violations of the provisions of Act, have been established. Therefore, in terms of powers conferred under section 150 of the Act, a penalty of **Rs. 1,000,000/- (Rupees One million only)** is hereby imposed on the Respondent.

Furthermore, I, in terms of powers conferred under Section 71 of the Act, hereby direct the Respondent to ensure rectification of identified default by appointing eligible person as CEO/Director in place of Mr. Hassan Ibrahim within 60 days of the date of this Order.

In case of non-compliance of the aforesaid direction, license of the

	<p>Respondent shall be considered suspended under Section 152 of the Act, from the 61st day of the date of this Order. The Respondent is hereby directed to inform all its all customers regarding suspension of the license. In case of such suspension, and settle all dues of the customers within fifteen days and remain responsible for clearing and settlement of all his obligations till the suspension of license.</p> <p>Penalty Order dated November 10, 2020 was passed by the Commissioner (SMD).</p>
<ul style="list-style-type: none"> • Penalty Imposed 	<p>Penalty of 1,000,000/- (<u>Rupees One million only</u>) was imposed.</p>
<ul style="list-style-type: none"> • Current Status of Order 	<p>Appeal has been filed against the Order.</p>

Redacted version issued for placement on the website of the Commission.