



Securities and Exchange Commission of Pakistan

Adjudication Division
Adjudication Department-I

Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to THK Associates (Pvt.) Ltd

Dates of Hearing

February 12, 2021

Order-Redacted Version

Order dated February 23, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of THK Associates (Pvt.) Ltd. Relevant details are given as hereunder:

| Nature | Details |
|------------------------|--|
| 1. Date of Action | Show cause notice dated October 08, 2020 |
| 2. Name of Company | THK Associates (Pvt.) Ltd |
| 3. Name of Individual* | The proceedings were initiated against the company i.e. THK Associates (Pvt.) Ltd |
| 4. Nature of Offence | In view of alleged violation of under the Balloter and Transfer Agent Rules, 2015 through SCN dated October 08, 2020 and order dated February 23, 2021 was passed under Securities Act, 2015 (the Act) |
| 5. Action Taken | Key findings were reported in the following manner: I have examined the fact of the case, with regard to the paid-up capital enhancement, the Respondent during the hearing admitted that there was a delay in complying with the requirement of Regulation 4 of the Regulations and it was rectified at a later stage. The Respondent has contended that its net equity stood at Rs. 8,317,020 as on June 30, 2018 which included paid-up capital of Rs. 500,000 and General Reserve of Rs. 4,500,000. The Respondent submitted that it had increased its paid-up capital to Rs. 3,000,000 by issuing bonus shares of Rs. 2,500,000 out of the General Reserve. Therefore, keeping in view this fact that although default was there in legal form however in substance over form the Company had sufficient reserves as reported in its Annual Audited Accounts. I hereby, warn the company for this default. Further, the Respondent is advised to ensure timely compliance of the regulatory framework in future. |



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| | <p>2. The Respondent during the hearing admitted to the delay in submission of application for grant of license under the Regulations and further provided that they had already submitted the fees for application on November 01, 2018 however, the application was submitted with delay on November 27, 2018. Therefore, it has been established that the Respondent had performed the functions of SRB after the expiry of its license in contravention with Section 64 of the Act and Regulation 3 of the Regulations attracting penal provisions of Section 159(3) of the Act.</p> <p>3. In view of the foregoing, and in terms of powers conferred under Section 159(3) of the Act, a penalty of Rs. 200 000/- (Rupees Two Hundred Thousand Only) is hereby imposed on the Respondent. The Respondent is directed to deposit the aforesaid penalty in the account of the Commission being maintained in the designated branches of MCB Bank Limited within 30 days of the date of this Order and furnish original deposit challan to this office.</p> <p>4. Through this order I also advise Policy, Regulation and Development Department of the Securities Market Division of the Commission to look into the requirement with respect to paid-up capital in view of the submission made by the Respondent.</p> <p>5. This Order is issued without prejudice to any other action that the Commission may initiate against the Respondent in accordance with the law on matter subsequently investigated or otherwise brought to the knowledge of the Commission.</p> <p>Penalty order dated February 23, 2021 was passed by Executive Director (Adjudication-I).</p> |
| 6. Penalty Imposed | A Penalty of Rs.200,000/- (Rupees two Hundred Thousand Only) was imposed on the respondent. |
| 7. Current Status of Order | No Appeal has been filed by the respondent. |