



Securities and Exchange Commission of Pakistan  
Specialized Companies Division  
Policy, Regulation and Development Department  
(Modaraba Wing)

---

No. SC/M.MS/BFM/2019 /334  
December 20, 2019

Mr. Muhammad Omar Amin Bawany,  
Chief Executive Officer,  
E.A. Management (Pvt.) Limited,  
Manager of B.F. Modaraba,  
Plot No. 43-1-E, (B) P.E.C.H.S,  
Block-6, Off Razi Road, Shahrah-e-Faisal,  
Karachi.

**Subject: Order under Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997**

Dear Sir,

Enclosed is a copy of the order dated December 20, 2019, passed in the subject matter by the Registrar Modaraba, for your information and compliance.

Regards,

Tauqeer Ahmad Sipra  
Management Executive



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SPECIALIZED COMPANIES DIVISION  
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT  
(MODARABA WING)

Before Ms. Bushra Aslam, Registrar Modaraba  
In the matter of  
B.F. Modaraba

Number and Date of Notice: SC/M.MS/BFM/2019-304 dated December 5, 2019  
Date of Hearing: December 20, 2019  
Present for Respondent: Mr. Muhammad Omar Amin Bawany, Chief Executive Officer

**ORDER**

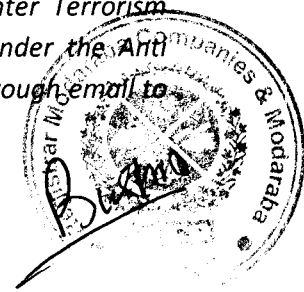
**Under Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997**

This Order shall dispose of the proceedings initiated against B.F. Modaraba (the "Modaraba"), managed by E.A. Management (Pvt.) Limited (the "Modaraba Company") through show cause notice dated December 5, 2019 (the "Notice") issued under Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997 (the "Act") for violation of S.R.O.245(1)/2019 dated February 22, 2019.

2. Brief facts of the case are that Securities and Exchange Commission of Pakistan (the "Commission") has notified the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018 (the "AML Regulations") vide SRO 770(I)/2018 dated June 13, 2018, which require all Regulated Persons to conduct self-risk assessment, have appropriate mechanisms to provide the risk assessment information to the Commission, and ensure implementation of targeted financial sanctions under the United Nations Security Council Resolutions, adopted by the Government of Pakistan, and refrain from forming business relationship with proscribed persons and entities under the Anti Terrorism Act, 1997 (XXVII of 1997) and related matters. The term Regulated Person has been defined in the Regulations as "regulated person" for the purposes of these regulations means "securities brokers, futures brokers, Insurers, Takaful Operators, NBFCs and Modarabas". Further, the Regulated Persons through S.R.O. 245 (I)/2019 dated February 22, 2019 (the "SRO") are also directed to comply with the reporting requirements and submit information in the manner prescribed to the respective supervisory departments of the Commission, in consonance with the requirements of the AML Regulations and Guidelines.

3. Furthermore, Para iii of S.R.O. 245(1)/2019 requires the regulated persons to comply with the following:

*"Compliance report on statutory regulatory orders issued by the Ministry of Foreign Affairs on United Nations Security Council Resolutions and intimation from National Counter Terrorism Authority/Ministry of Interior regarding updates in list of proscribed persons under the Anti Terrorism Act, 1997, shall be submitted within three day of receiving the same, through email to aml.dept@secp.gov.pk by authorized officer of the Regulated Person."*





**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SPECIALIZED COMPANIES DIVISION  
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT  
(MODARABA WING)**

Continuation Sheet - 1 -

4. In order to facilitate the submission of the above referred compliance reports by the regulated persons, the Commission has automated the reporting mechanism for its regulated entities. During our review of the compliance status of the regulated persons with the aforesaid requirement of the SRO, considerable delays were observed on the part of the Modaraba Company in submission of compliance reports for the SROs/intimations during the period August 1, 2019 to October 28, 2019.

5. Consequently, the Notice dated December 5, 2019 under Section 40A of the Act was served on the Modaraba Company through its Chief Executive Officer ("CEO") as to why penalty may not be imposed on the Modaraba Company and its CEO in breach of the SRO. The Modaraba Company was also provided an opportunity of hearing on December 19, 2019 before the undersigned to clarify its position.

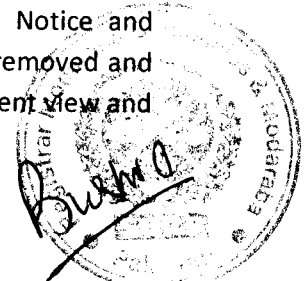
6. The Modaraba Company vide letter dated December 11, 2019 submitted a response to the Notice and maintained that prior to launching the specific portal, all the SROs forwarded to the Modaraba Company were replied within the stipulated time. Further, the Modaraba is non-deposit taking institution and after introduction of new system, the Modaraba faced some technical problems in replying to the SROs through the portal. The issues were resolved with the help of relevant officials of the SECP after which the Modaraba Company resubmitted all pending reports. The Modaraba Company has taken necessary measures and is more vigilant in submitting the requisite responses to the SROs through the prescribed portal.

7. Hearing in the matter was conducted on December 20, 2019. Mr. Muhammad Omar Amin Bawany, Chief Executive Officer appeared. During the course of hearing Mr. Bawany relied on the written arguments already submitted to this office. He attributed the delay to technical glitches which encountered by the Modaraba Company in uploading the requisite responses to the SROs. Mr. Bawany also requested to condone the delay occurred in this regard.

8. Before proceeding to decide the case, I deem it necessary to advert to the following relevant provisions of the SRO, under which the Notice was served on to the Company:

*"any person to whom this directive applies and who contravenes or fails to comply with the requirements of this directive or submits a return which is false in material respect or where under a misstatement is made shall be liable to imposition of penalty under section 40A of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), which may extend to ten million rupees and where such contravention is a continuing one, with a further penalty which may extend to one hundred thousand rupees for every day after the first during which such contravention continues."*

9. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Act, representations made by the Modaraba Company in its written response to the Notice and arguments advanced at the time of hearing. In view of the fact that the default has been removed and assurance for future compliance of the law has been committed, I am inclined to take a lenient view and





SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SPECIALIZED COMPANIES DIVISION  
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT  
(MODARABA WING)

Continuation Sheet - 2 -

do not impose any fine on the Modaraba Company. However, the Modaraba Company is warned to remain careful in future and ensure meticulous compliance with all applicable provisions of the law in future.

*Bushra*

**Bushra Aslam**  
Registrar Modaraba



Announced  
December 20, 2019  
Islamabad.