



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
Adjudication Department

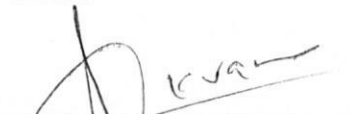
No. 2(136)SMD/ADJ/2019

October 18, 2019

**Hameed Majeed Associates (Pvt.) Limited**  
Through its Chief Executive Officer,  
H.M. House, 7-Bank Square, the Mall,  
**Lahore.**

**SUBJECT: Order in Respect of Show Cause Notice dated September 02,2019 Bearing Number No. 2(136)SMD/ADJ/2019**

Please find enclosed herewith a copy of order in the title matter for your record and necessary action.

  
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**Muhammad Akram Farooka**  
Assistant Director



**Securities and Exchange Commission of Pakistan**  
**Securities Market Division**

Through Courier

Before the Commissioner (SMD)

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

Date of Hearing September 12, 2019

Present at the Hearing i. Mr. Imtiaz Majeed,  
Representing Hameed Majeed Associates Chief Executive Officer  
(Private) Limited ii. Mr. Adnan Akhtar,  
Manager

**ORDER**

This Order shall dispose of the proceedings initiated pursuant to Show Cause Notice (the "SCN") No. 2(136)SMD/ADJ/2019 dated September 2, 2019, issued to M/s Hameed Majeed Associates (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was registered as Balloter and Transfer agent under the Balloters and Transfer Agents Rules, 2015 ("Rules") (now repealed).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 15, 2018. However, no application for grant of license was received until April 26, 2019. 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, 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. The Respondent submitted its response vide letter dated September 6, 2019. The extracts of the response are reproduced hereunder:

*"After the promulgation of "Share Registrar & Balloters Regulations, 2017" (the "Regulations") on January 11, 2017, and as per its Regulation 3, a person registered as Share Registrar & Balloters (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")*



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*and the Regulations till the time its existing certificate of registration remains valid. The Company was therefore licensed by the Commission under the Act and Regulations and there was no need to re-apply immediately for renewal of license as the existing license was valid till November 15, 2018.*

*The office was in bad shape and had to be vacated, the staff was shifted to the new place in the same building in order to ensure that the work is not interrupted and services to our valued clients / shareholders are provided as usual (the pictures taken on the day of incident showing the damage done by fire to office premises are attached for your reference).*

*Furthermore, due to the hot weather alternate arrangements had to be made to ensure the proper functioning of alternate office which was time consuming. At the same time, the Company had to ensure that proper professional and timely services are continued to be provided to clients.*

*During the process of vacating the office for its restoration; the office files, records were put in boxes and shifted in back store of the building while the refurbishment of existing office took place. It took nearly eight (8) months to complete the office and make it in workable shape.*

*During this process, the attention of the management was totally disturbed, it got occupied with the restoration work which included purchase of new furniture & fixtures, electric equipment & wirings, dealing with insurance claims etc. that consumed a lot of time and given the fact that all records/ files were displaced, the matter pertaining to renewal of license as "Share Registrar & Balloters" (the "SRB") got slipped of the mind and completely overlooked due to dislocation.*

*Upon completion of renovation work, we shifted back to our office in end January, 2019. The files were unboxed and while rearranging the files, it came to our notice that the license has already expired and a renewal application under "Regulations" is required to be filed. Since, a lot of funds were used in renovation of the Company, fresh capital was required to be injected into the Company for which a meeting of Board of Directors (BOD) was held in March, 2019 in which it was decided to Increase in Paid-Up Capital and complete all the formalities to make application for renewal of license for Shares Registrar and Balloter services. As you are aware, there is proper procedure for Right offer which needs time so a Right offer for new shares were made to existing members on April 01, 2019. Fresh Subscription Money of Rs. 1,435,000/- (Rupees Fourteen Hundred and Thirty Five Thousand Only) was obtained from the members and allotment was made on April 25, 2019. After completion of all the legal requirements, application was lodged on April 26, 2019. One of the reasons for further delay was to follow regulatory procedures which require proper notice and time period as per law.*

*You would appreciate the fact that the management was aware of the capital requirements relating to renewal of "SRB" license under "Share Registrar & Balloters, Regulations, 2017 (the "Regulations") and for the same reason the Chief Executive Officer had already deposited the "Share Subscription Money" of Rs. 771,000 (Rupees Seven Hundred and Seventy One Thousand Only) with the Company in year 2017 with intention to increase the Paid-up capital and apply for renewal of license. The amount of "Share Subscription Money" is appearing in audited accounts of the Company for the year ended June 30, 2018. Apart from this, the Company had accumulated profits of Rs. 1,749,391/-, the total*





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*Equity plus Reserves and Share Deposit Money as at June 30, 2018 is as follows:*

	<i>Rupees</i>
<i>Paid Up Capital</i>	<i>1,565,000/-</i>
<i>Accumulated Profits</i>	<i>1,749,391/-</i>
<i>Shares Deposit Money</i>	<i>771,000/-</i>
<b><i>Total Equity</i></b>	<b><i>4,085,391/-</i></b>

*The Company's total Equity of Rs. 4,085,381 was more than the required paid up capital. The Company could have issued Bonus Shares out of Reserves to meet minimum paid-up capital requirements of Rs. 3,000,000 (Rupees Three Million) under the "Regulations". Instead, the minimum share capital requirement has been met by issuance of shares against fresh cash injection in form of "Share Subscription Money" paid by the shareholders. Therefore, we believe that the Minimum Share Capital was in place but shares had not been issued as at June 30, 2018. However, the Company shareholders injected further capital in the Company in April, 2019.*

*The Company was carrying on business activities as a Share Registrar and Ballotter under license issued by Commission which expired on November 15, 2018 and not without license.*

*The management however, acting prudently decided to fulfill the pre-requisites and filed the application for renewal of its license with Commission without further delay. We hereby assure that no material change in operations or structure has been occurred within the Company or no new client has been taken on board since expiry of license and lodging the renewal application for license.*

*The Company has never been involved in any misconduct / improper or unprofessional behavior which jeopardizes the interest of public, stakeholders or shareholders as can be corroborated from the track record of the Company. The only mistake which the Company has made is the delay in filing of application for renewal of its license upon expiry rather than the ineligibility to provide services as "SRB" or any other misconduct.*

*It is clear from the facts presented above that this delay in applying for renewal of license happened due to Fire in office, the circumstances totally out of control of management and it was unintentional and one-off which occurred due to unforeseen circumstances.*

*It is therefore requested that the lenient view may please be adopted to condone the delay in lodging application, keeping in view of the reputation of Company being a law abiding*

5. The Respondent appeared before the undersigned on the given date and time through Mr. Imtiaz Majeed, Chief Executive Officer and Mr. Adnan Akhtar, Manager (the "Representatives") and reiterated the arguments and contentions submitted through letter dated September 6, 2019. Further, the Representatives requested to take lenient view of the matter.

6. I have examined the written as well as 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




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capital by June 30, 2018 has not been contended. The primary reason for the delay cited by the Respondent was that fire broke out in its office on May 13, 2018. Given that there was sufficient time for increasing paid-up capital as well as to apply for grant of license, the argument of the Respondent does not hold merit. Even otherwise, 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.

7. 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.

8. 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.



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**Shauzab Ali**  
Commissioner (SMD)

**Announced on:** October 16, 2019  
Islamabad

