



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
Adjudication Department


No. 2(137)SMD/ADJ/2019

October 25, 2019

**Riasat Ishtiaq Consulting (Pvt.) Ltd,**  
Through its Chief Executive,  
Office # 19, 20  
2nd Floor, Hill View Plaza,  
Jinnah Ave, Blue Area,  
Islamabad.

**SUBJECT: Order in Respect of Show Cause Notice dated September 02, 2019 Bearing Number No. 2(137)SMD/ADJ/2019**

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

  
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**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 Riasat Ishtiaq Consultants (Pvt.) Ltd

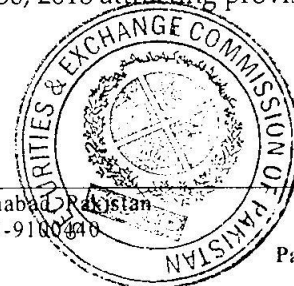
Date of Hearing	September 12, 2019
Present at the Hearing	
Representing Riasat Ishtiaq Consultants (Private) Limited	i. Mr. Ishtiaq Ahmed, (Chief Executive Officer)

**ORDER**

This Order shall dispose of the proceedings initiated pursuant to Show Cause Notice (the "SCN") No. 2(137)SMD/ADJ/2019 dated September 2, 2019, issued to Riasat Ishtiaq Consultants (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was registered as Balloter and Transfer agent under the Balloters and Transfer Agents Rules, 2015 ("Rules") (now repealed).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 25, 2018. However, no application for grant of license was received until July 16, 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.





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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 12, 2019. The extracts of the response are reproduced hereunder:

“

- *As per requirement of law, we have applied and been granted License as Share registrar and Balloter by SECP in November 2015, which was expired on November 25, 2018.*
- *We have applied for the renewal of the license on July 16, 2019 before the issuance of Show cause letter by your goodself.*
- *The delay in application for renewal of license was not wilfull.*
- *The renewal / fresh issuance of license was delayed / overlooked due to fact that My mother diagnosed with Bones and Lungs Cancer (3<sup>rd</sup> Stage) in October 2018 and being the only son I become occupied with mother for her treatment, meanwhile My father health also became critical and he left this world on January 20, 2019 and My Mother also left this world on July 02, 2019. After that I joined office regularly. (Copy of death certificates of both is annexed for record) and*
- *We have not taken any new business/ client in this period of license expiry*

*Sir these are the facts which caused in the delay for application of renewal of License which I have explained above. I would like to mention that in past we had in compliance of concerned laws for provision of these regulated services and I also assure your good self that we will also be in compliance with the relevant laws in future. Keeping in view the above mentioned facts you are therefore requested to withdraw the show cause notice and oblige as the default was not wilful and overlooked due to the reasons mentioned above.”*

5. The Respondent appeared before the undersigned on the given date and time through Mr. Riasat Ishtiaq, Chief Executive Officer (the “**Representative**”) and reiterated the arguments and contentions submitted through letter dated September 12, 2019. Further, the Representative requested to take lenient view of the matter.

6. The Respondent during the hearing reiterated the arguments provided in its response to the SCN. The Respondent submitted personal reasons for delay in submission of application for grant of license as a share registrar. Further, with regard to the enhancement in its paid-up capital, the Respondent submitted that it has already initiated the process of increase in paid up capital and provided a copy of Form-7 (Notice of Alteration in Share Capital) wherein the Respondent has increased its Authorized Share Capital from Rs. 500,000 to Rs. 3,000,000 however, no evidence of increase in paid up capital has been submitted.



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7. I have examined the written as well as oral submissions of the Respondent and its Representative. 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 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.

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 regulated activity.

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: 25<sup>th</sup> Oct, 2019  
Islamabad