

Securities and Exchange Commission of Pakistan

BEFORE APPELLATE BENCH NO. II

In the matter of

Appeal No. 15 of 2014

National Asset Management Company Limited ... Appellant

Versus

Mr. Shahid Naseem,
Executive Director, Specialized Companies Division
Securities and Exchange Commission of Pakistan ... Respondent

Date of hearing 10/06/14

ORDER

Present:

For the Appellant:

Mr. Rashid Sadiq (Advocate)

Mr. Asif Mumtaz Mian (Company Secretary)

For the Respondent:

Mr. Noman Akhtar, Joint Director (SCD)

Mr. Asif Paryani, Deputy Director (SCD)



Securities and Exchange Commission of Pakistan

1. This order is in appeal No 15 of 2014 filed under section 33 of the Securities and Exchange Commission of Pakistan (the "Commission") Act, 1997 against the order dated 30/05/14 (the "Impugned Order") passed by the Respondent.
2. The brief facts of the case are that M/s National Asset Management Company Limited ("NAMCO") is a Non-Banking Finance Company incorporated in Pakistan as public unlisted company in the year 2005 under the Companies Ordinance, 1984 (the "Ordinance"). NAMCO was licensed by the Commission to undertake the businesses of asset management and investment advisory services under the Non-Banking Finance Companies (Establishment & Regulation) Rules 2003 (NBFC Rules 2003) and Notified Entities Regulations, 2008 (hereinafter referred to as the "NBFCs & NE Regulations, 2008"). Show Cause Notice ("SCN") dated 01/11/13 was served under section 282J(1) and section 282J(2) read with section 282D and section 282M(1) of the Ordinance for contravention of Rule 7(3) of NBFC Rules 2003 read with regulation 4 of the NBFCs and NEs Regulations, 2008. Hearings in the matter were held on 18/12/13 and 21/03/14.
3. The Respondent dissatisfied with the response of the Appellant held that NAMCO remained persistently non-compliant, inspite of numerous commitments and assurances towards ensuring compliance. NAMCO had made a number of commitments to raise its equity and to raise the NIF size and were given a number of opportunities to make up the shortfall but each time NAMCO failed to adhere to its firm commitment. In exercise of the powers of the Commission conferred under section 282J(2) of the Ordinance, NAMCO's license to undertake Asset Management Services issued under Rule 5 of NBFC Rules, 2003 was suspended with immediate effect. However, NAMCO's other license to undertake Investment Advisory Services shall

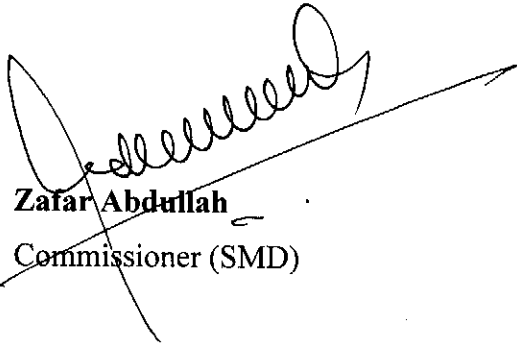


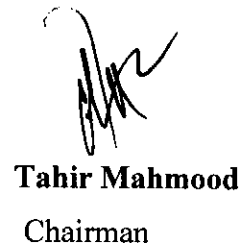
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remain intact. Further, since the directors of NAMCO did not comply with the NBFCs aforesaid Rule and the regulations and continued to operate without compliance to the minimum required equity and minimum required fund of NIF, a penalty of Rs. 50,000 was imposed on each of its current directors namely. Lt Gen (Retd.) M. Hamid Khan, Mr. Saleem Shahzada, M. Imtiaz Bashir and Mr. M. Asim Mustafa as well as ex-directors namely Mr. Shafiq A. Khan and Hafiz Avais Ghani. Furthermore, the trustee of both NBF and NIF i.e. MCB FSL were directed to take both the collective investment schemes i.e. NBF and NIF under its effective control on immediate basis and arrange to transfer their management rights to another Asset Management Company which best serves the interest of the unit/certificate holders.

4. The Appellant has preferred the appeal against the Impugned Order. The Appellant's representative argued that for the conversion of closed end fund to its open end fund which is pending approval of the SECP if approved would enhance the equity to the level of minimum equity requirement and this requirement will be met by 30/06/14.
5. The department has accepted the request of the Appellant to give them until 30/06/14 to comply with the aforesaid requirement.

In view of the foregoing, we suspend the Impugned Order until the next date of hearing to be fixed after 30/06/14.


Zafar Abdullah
Commissioner (SMD)


Tahir Mahmood
Chairman