



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division
Market Supervision and Registration Department

Before the Director/HOD (MSRD)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mr. M. Naseem Saigol, Director of Pak Elektron Limited

Order

This Order will dispose of the proceedings initiated under Section 224(4) of the Companies Ordinance, 1984 (“**Ordinance**”) by the Securities and Exchange Commission of Pakistan (“**Commission**”) through Show Cause Notice No. S.M(B.O)C.O.222/4(342)13 dated 09/01/2014 (“**Notice**”) issued to Mr. M. Naseem Saigol (“**Respondent**”), Director of Pak Elektron Limited (“**Issuer Company**”).

2. The facts of the matter leading up to aforesaid Notice are that the Issuer Company is a public listed company and the Respondent being its Director was required to file return of beneficial ownership on Form 32, within the period stipulated under Section 222 of the Ordinance. However, he failed to discharge the said obligation which attracts penal provision contained in Section 224(4) of the Ordinance.

3. Section 222(2)(c) of the Ordinance stipulates the period within which the Form 32 is required to be submitted as under:-

“where there is any change in the position or interest as aforesaid including a change in the beneficial ownership of any equity, security, within fifteen days of such change”.

4. Since the Respondent failed to file return of beneficial ownership on Form 32 within the stipulated time period, he was, therefore asked vide this office letter dated 20/06/2013 for filing of said return of beneficial ownership alongwith reasons for non-filing of the same within the stipulated time limit. In response to the said letter, the Respondent filed return of beneficial ownership on Form 32 showing therein sale transaction of 669,802 shares made on 24/08/2012, with delay of 304 days, in contravention of Section 222(2)(c) of the Ordinance. The said contravention *prima facie* attracts penal provision contain in Section 224(4) of the Ordinance, which provides as under:-

“Whoever knowingly and wilfully contravenes or otherwise fails to comply with any provision of section 222, section 223 or section 224 shall be liable to a fine which may extend to thirty thousand rupees and in the case of a continuing contravention, non-compliance or default to a further fine which may extend to one thousand rupees for every day after the first during which such contravention, non-compliance or default continues”.





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5. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon him to explain through written reply along with documentary evidence, if any as to why action may not be taken against him pursuant to Section 224(4) of the Ordinance, for aforesaid contravention of Section 222 of the Ordinance. In order to provide an opportunity of being heard in person, hearing in the matter was fixed for 23/01/2014 at Commission's Head Office, Islamabad.
6. The Respondent vide letter dated 16/01/2014 responded that *"the said issue has already been taken up by Company Registration Office, Lahore and the penalty imposed in this regard has already issue deposited in the prescribed account. The Responded further stated that since the default has already been penalized, therefore, proceedings initiated through aforesaid Notice may be dropped"*.
7. I have considered the aforesaid submissions made by the Respondent. The Respondent has requested to drop the proceedings with the plea that default under discussion has already been penalized by Company Registration Office, Lahore. In this regard, it is pointed out that as per the requirement of Section 222 of the Ordinance, a beneficial owner of listed company is required to file return of beneficial ownership, both, with the respective Company Registration Office as well as the Commission (Head Office). Although, the punitive action taken by Incahge of Company Registration Office does not debar the Commission from taking action pursuant to the provisions of Section 224 of the Companies Ordinance, but taking a lenient view of the matter the plea/request of the Respondent is accepted. However, the Respondent is hereby strictly warned to ensure timely compliance of Section 222 of the Ordinance in future.
8. This Order is issued without prejudice to any other action that the Commission/Registrar may initiate against the Respondent in accordance with the law on matter subsequently investigated or brought to the Notice of the Commission.

Islamabad.
Announced on February 7, 2014




(Imran Inayat Butt)
Director/HOD (MSRD)