



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. Muhammad Ayub Younus Adhi, Director of Hum Network 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 01/01/2014 ("**Notice**") issued to Mr. Muhammad Ayub Younus Adhi ("**Respondent**"), Director of Hum Network Limited ("**Issuer Company**").

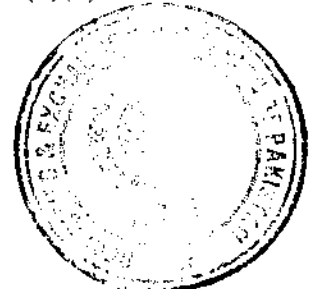
2. The facts of the matter leading up to aforesaid Notice are that the Issuer Company is a public listed company and the Respondent being its Director was required to file returns of beneficial ownership on Form 31 and Form 32, within the period stipulated under Section 222 of the Ordinance. However, he failed to discharge the said obligations which attract penal provision contained in Section 224(4) of the Ordinance.

3. Section 222(2)(b) and Section 222(2)(c) of the Ordinance stipulate the period within which the Form 31 and Form 32 respectively are required to be submitted as under:-

222(2)(b) "in any other case, including a case where the company is listed on the stock exchange after the commencement of this Ordinance or after the person has occupied the position or office specified in sub-section (1) or has acquired interest as beneficial owner of securities as aforesaid, within thirty days of occupying the office in the company or acquisition of interest as beneficial owner requiring submission of the return aforesaid or listing of the company on the stock exchange, as the case may be";

222(2) (c) "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. The Respondent in response to this office letter dated 18/04/2013, filed Form 31 and three Forms 32 with this Commission on 10/05/2013. The said Form 31 showed that the Respondent acquired beneficial ownership in the Issuer Company on 11/03/2005 and 4,000,000 ordinary shares of the company were beneficially owned by him. Thus, the Respondent was required to file the said return with this Commission latest by 09/04/2005, but the same has been filed on 10/05/2013, with delay of 2,952 days, in contravention of Section 222(2)(b) of the Ordinance.





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5. The Respondent have reported the following changes in beneficial ownership in aforementioned Form 32, with the delay as mentioned against each:-

Sr. No.	No. of Shares	Date	Nature of Change	Delay in Days
1.	75,500	28/02/2008	Sale	1883
2	7,000	29/02/2008	Sale	1882
3	17,500	07/03/2008	Sale	1875
4	700,000	12/03/2009	Sale	1870
5	1,217,500	18/03/2008	Sale	1864
6	100,000	22/04/2009	Sale	1464
7	200,000	19/06/2009	Sale	1406

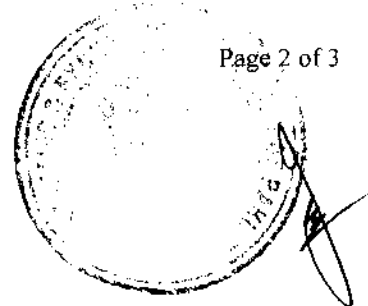
The aforesaid changes in beneficial ownership have been reported to the Commission on 10/05/2013 with delay ranges from 1,406 days to 1,883 days, in contraventions of Section 222(2)(c) of the Ordinance.

6. The aforesaid contraventions *prima facie* attract penal provisions 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."

7. 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. The Respondent vide letter dated 17/01/2014 responded the Notice in writing.

8. In order to provide an opportunity of being heard in person, hearing in the matter was fixed for 16/01/2014 at Commission's Head Office, Islamabad, which was rescheduled for 22/01/2014. On the request made by the Respondent vide his aforementioned letter, the hearing was re-fixed for 30/01/2014 at Commission's Regional office, Karachi. But neither the Respondent nor his authorized representative attended the said hearing nor the Respondent made request for adjournment of the said hearing.





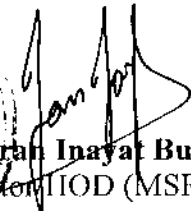
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8. The submission made by the Respondent in his aforementioned letter be summarized as under:-

- a. *Due to business pre-occupation activities, the returns of beneficial ownership could not be filed within the stipulated time limit.*
- b. *The default has not been committed wilfully, but it took place due to oversight.*
- c. *The Respondent assured that he will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

9. I have considered the aforesaid written submissions made by the Respondent. The Respondent has admitted the default of late filing of the return of beneficial ownership with the contention that the said default was committed due to oversight and business pre-occupation activities. In this regard, it is pointed out the defaults committed by the Respondent pertain to period March 2005, February-March 2008 and April-June 2009. In order to provide an opportunity to directors/beneficial owners of listed companies to file their overdue returns of beneficial ownership without facing penal action, the Commission through Notices dated 07/09/2009 and 21/09/2010 asked them to file their returns of beneficial ownership with Head Office of the Commission by 31/10/2009 and 31/10/2010 respectively and to ensure timely compliance of Section 222 of the Ordinance in future. The aforesaid Notices were sent to all listed companies and were also disseminated through stock exchanges and print media. But, the Respondent did not avail this opportunity. In my opinion, the Respondent has contravened the provisions of Section 222 of the Ordinance. Hence, in the light of aforesaid discussion, I am of the view that the Respondent has committed the violation. However, taking a lenient view of the default, in exercise of powers conferred under Section 224 (4) of the Ordinance, I hereby impose a fine of Rs. 25,000/- (twenty-five thousand rupees only) on the Respondent.

10. 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.


(Imran Inayat Butt)
Director IOD (MSRD)

Islamabad.
Announced on March 11, 2014