



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

Before the Director/HOD (MSRD)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to KASB Finance (Pvt.) Ltd, a beneficial owner of more than ten percent equity securities of KASB Bank Limited

Date of Hearing:

April 30, 2013

Present at Hearing:

Representing the Respondent:

*Mr. Muhammad Hamidullah,
Company Secretary,
KASB Bank Limited*

Assisting the Director/HOD (MSRD):

*Mr. Muhammad Farooq,
Joint Director, SECP*

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.222/1(1632)11 dated 22/04/2013 ("**Notice**") issued to KASB Finance (Pvt.) Ltd ("**Respondent**"), a beneficial owner of more than ten percent equity securities of KASB Bank 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 a beneficial owner of more than ten percent of its ordinary shares was required to file return of beneficial ownership on Form 32, within the period stipulated under Section 222 of the Ordinance. However, it failed to discharge the said obligation which attracts penal provisions 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. For convenience, the provisions of the said Section are reproduced hereunder:-

"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 16/10/2012, filed Form 32 which showed that the Respondent purchased 464,959,249 shares of the Company on 29/08/2012. Thus, the Respondent was required to file the said return with this Commission latest by 11/09/2012, but the same has been filed on 23/10/2012, with delay of 42 days, in contravention of Section 222 of the Ordinance, in contravention of Section 222 of the Ordinance, which provides as under:-

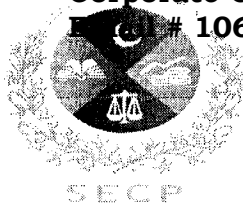
“Whoever knowingly and wilfully contravenes or otherwise fails to comply with any provision of section 222, section 223 or section 224 shall be liable to a fine which may extend to thirty thousand rupees and in the case of a continuing contravention, non-compliance or default to a further fine which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

5. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon it to explain through written reply alongwith documentary evidence, if any as to why action may not be taken against it pursuant to Section 224(4) of the Ordinance, for aforesaid contraventions of Section 222 of the Ordinance

6. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed for 07/05/2013 at the Commission’s Head Office, Islamabad. But, Mr. Muhammad Hamidullah, Company Secretary, KASB Bank Limited (“**Authorized Representative**”) expressed his inclination telephonically to be heard on 30/04/2013 with the plea that he will be in Islamabad on the said date, which was accepted. On the said date, the Authorized Representative appeared on behalf of the Respondent. The submissions made on behalf of the Respondent by the Authorized Representative during the course of hearing be summarized as under:-

- a) *The KASB Group carried out restructuring of its financial services businesses by incorporating a new financial holding company i.e. the Respondent. The Sponsors of the KASB Group transferred their shareholding in the name of the Respondent.*
- b) *A number of issues and diversified actions were to be attended for completion of the restructuring process, therefore, under reference return could not be filed with the Commission, within the stipulated time limit.*
- c) *The return was promptly filed, upon receipt of letter from the Commission.*
- d) *The delay in submission of the return of beneficial ownership to the Commission was not willful.*





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Securities Market Division

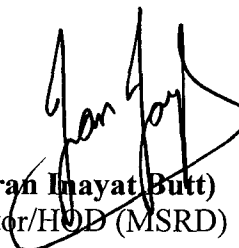
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- e) *The Authorized Representative ensured that the Respondent will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

7. I have considered the aforesaid submissions made by the Authorized Representative during the course of hearing. The Respondent has admitted the default of late filing of the return of beneficial ownership with the contention that said default was not committed willfully and knowingly. The Respondent has promptly filed the return upon receipt of the letter from the Commission. Considering the submissions made by the Respondent, I intend to agree with the contention of the Respondent and of the view that the late filing of the under reference return of beneficial ownership may not be willful. Therefore, a lenient view of the matter has been taken and 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.




(Imran Inayat Butt)
Director/HOD (MSRD)

Islamabad.
Announced on May 10, 2013