



Securities and Exchange Commission of Pakistan
Securities Market Division

Through Courier

Before the Commissioner (SMD)

Order under Section 152 (2) of Securities Act 2015 in the matter of We Financial Services Limited

ORDER

1. This Order is furtherance to the Order dated September 06, 2019 issued under Section 152 of the Securities Act, 2015 (the "Act").
2. The Commission vide above referred Order suspended the license of the Respondent on September 06, 2019 under Section 152 of the Act, on account of an amount of Rs. 202 million appearing in past overdue 365 days in CIB report rendering the TREC holder unfit as per the the Fit and Proper Criteria as specified under Annexure B of the Licensing Regulations 2016.
3. Subsequent to issuance of Order referred above, Commission received a letter from State Bank of Pakistan ("SBP") regarding non-compliance /misreporting by First Dawood Investment Bank Limited (FDIBL) to CIB against the Respondent. The text of the letter is reproduced hereunder:

"We have received a complaint from WE Financial Services dated May 14, 2019, regarding wrong reporting to CIB by FDIBL.

It has been observed that FDIBL provided the complainant (WE Financial Services Limited) three musharaka facilities from 2007 to 2008. However, the loan went into overdue in 2010 but the facility was reported first time to CIB as overdue in the data on 31/01/2018. The matter was taken up with FDIBL who accepted the misreporting in its e-mail dated May 29, 2019. Please note that misreporting is subject to penal action as per the Rules and Regulations.

Further, WE Financial Services Limited informed that they have a filed a suit in 2010 for recovery of excess amount and illegal actions on part of FIDBL and afterward FDIBL filed a cross suit before the Honorable High Court of Sindh, and both are pending before the Honorable High Court of Sindh. Since the matter is pending before the court of law, FDIBL was advised by SBP to report the disputed/litigation amount in "Amount under litigation" column as well vide our e-mail dated June 20, 2019. The FDIBL did not comply with the instructions of SBP for reporting the disputed amount under litigation. FIDBL was again advised by SBP on 15-7-2019 to comply with instructions to report the disputed amount in the amount under litigation but FIDBL did not comply with the instructions on one pretext or the other.



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Since the FIDBL is being regulated by SECP, it is requested to advise the FIDBL to comply with instructions of SBP. In case the compliance is not made, SBP will have to take appropriate action."

4. Thereafter, Respondent vide its email dated September 13, 2019 forwarded a copy of the letter received from SBP with subject, "Complaint against FDIBL for wrong reporting to CIB", wherein SBP informed Respondent that SBP has advised FDIBL to report the disputed/litigation amount in the "Amount under litigation" column as well.
5. Respondent vide the aforesaid email also requested immediate relief against the Order of suspension of its Securities Broker License.
6. In view of the above, the Commission vide its direction no. SCD-S&ED (OSW-II)/FDIBL/2019/011 dated September 16, 2019 directed FDIBL under Section 282D of the Companies Ordinance 1984 to immediately report correct position in CIB, in the matter of We Financial Service Limited, as instructed by SBP.
7. The Section 152(2) of the Act provides that where the Commission suspends a license under this section, the suspension shall be for a period not exceeding three months, provided that the Commission may, if it considers it necessary, extend the suspension for such other period as may be specified by the Commission at the expiry of which the Commission shall either lift the suspension or proceed to cancel the license, as it deems appropriate.
8. Considering the above, I am of the view that the CIB on which matter was reviewed and subsequently decided did not depict the true status and factual position. Therefore, I hereby lift the suspension of license of Respondent imposed through the Order dated September 06, 2019.
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.

Announced on September 16, 2019
Islamabad



Shauzab Ali
Commissioner (SMD)