



Securities and Exchange Commission of Pakistan
Securities Market Division

Through Courier

Before The Director / HOD (MSRD) in the matter of Show Cause Notice issued to
ACE Securities (Pvt.) Limited, through its Chief Executive Officer

Date of Hearing:

September 06, 2013

Present at the Hearing:

Representing ACE Securities (Pvt.) Limited

(i) *Mr. Mohammad Asif Alam*

Manager Settlement

(ii) *Mr. Jabran A. Sattar*

Assistant

Assisting the Director / HOD (MSRD)

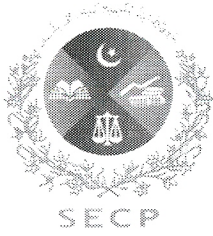
(i) *Mr. Muhammad Tanveer Alam*

Joint Director

ORDER

1. This Order shall dispose of the proceedings initiated through Show Cause Notice No. 1 (2) SMD/MSRD/C&IW/2103 ("SCN") dated August 22, 2013 issued to ACE Securities (Pvt.) Limited ("**the Respondent**") by the Securities and Exchange Commission of Pakistan ("**Commission**") under Section 22 of the Securities and Exchange Ordinance, 1969 ("**Ordinance**") read with Brokers and Agents Registration Rules, 2001 ("**Brokers Rules**").

2. Brief facts of the case are that the Respondent is a Trading Right Entitlement Certificate Holder of the Karachi Stock Exchange Limited ("**KSE**") and registered with the Commission as broker under the Brokers Rules. On June 04, 2013 the Commission passed an Order against the Respondent under Ordinance and imposed a penalty of Rs. 100,000/- (Rupees One Hundred Thousand Only). The Respondent was directed to deposit this amount in the account of the



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Commission not later than 30 days from the date of the Order and furnish a copy of the deposit challan to the Commission.

3. The Respondent vide letter dated July 12, 2013 was asked to provide copy of the challan for depositing the penalty amount. In response, the Respondent vide its letter dated July 15, 2013 informed that it would like to file an appeal in the Appellate Bench of the Commission against the aforesaid Order. Further, the Respondent asked procedure for filing of appeal and same was intimated through Commission's letter dated July 17, 2013. However, the Respondent neither deposited the penalty amount nor filed appeal against the Order in the Appellate Bench.

4. Consequently, a SCN dated August 22, 2013 was issued to the Respondent under Section 22 of the Ordinance and the Brokers Rules stating that the Respondent has prima facie contravened Clause D 1 (2) of the Code of Conduct set forth under the third schedule of the Brokers Rules which states that broker shall faithfully comply with the general or specific directives issued by the Commission. The Respondent through SCN was asked to explain its position through written reply within ten days of issuance of SCN and also required to appear in person or through an authorized representative before the undersigned at Commission's Head Office, Islamabad on September 06, 2013.

5. The Respondent vide letter dated August 27, 2013 informed the Commission that the chairman of the brokerage house went to USA for medical checkup and because of that reason the Respondent failed to file the appeal in the Appellate Bench. Further, the Respondent requested to shift the venue of the hearing from Islamabad to Karachi. The request of the Respondent was acceded to and the hearing in the matter was held on September 06, 2013 at Commission's Karachi office. Mr. Muhammad Asif Alam, Manager Settlement and Jabran A. Sattar, Assistant ("the Representatives") appeared on behalf of the Respondent. The Representatives made the following submissions during the course of hearing and proceedings of the hearing are summarized as under:

- (i) The Representatives reiterated the reasons as provided in its letter dated August 27, 2013 but they failed to give any justification with regard to non-



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compliance and violation of aforesaid directive of the Commission. They accepted that the Respondent failed to comply with the direction of the Commission. The Representatives also informed that penalty amount of Rs.100,000/- has been deposited in the Commission's account on September 5, 2013 and the copy of the challan form was provided.

(ii) During the hearing the Representatives were informed that non-compliance and violation of Commission's directive by Respondent is a serious issue and continued violation in a repeated manner indicates casual attitude and non-seriousness on the part of the Respondent with regard to compliance of rules and regulations including directives of the Commission.

(iii) At the end the Representatives prayed that delay in submission of penalty amount was not intentional, therefore, the Commission may take a lenient view in the matter.

6. Subsequently, the Chief Executive Officer of the Respondent vide letter dated September 10, 2013 made further submissions and requested the Commission to take a lenient view in the matter because delay in the payment of penalty amount was caused due to some miscommunication between the Respondent and its lawyers regarding the filing of appeal.

7. Based on the contentions submitted in the written reply by Respondent and the arguments made by the Representatives on behalf of Respondent during the course of hearing, it is evident that Respondent failed to comply with the direction of the Commission thus contravened clause D 1 (2) of the Code of Conduct set forth under the third schedule and Rule 12 of the Brokers Rules.

8. The conduct of the Respondent of obvious contravention of the direction of the Commission is unacceptable and concerning. A broker holding a certificate of registration has to all times abide by the Code of Conduct specified in the Brokers Rules. It is the duty of each and

