



Securities and Exchange Commission of Pakistan

BEFORE APPELLATE BENCH NO. I

In the matter of

Appeal No. 38 of 2017

MAC Securities (Pvt) Limited

Appellant

Versus

- I. Asif Jalal Bhatti, Executive Director (SMD), SECP, Islamabad.
- II. Tahir Mahmood Kiani, Joint Director (PRPD)

Respondents

Date of hearing: 20/04/18

Present:

For Appellant:

- i. Mr. Muhammad Javed

For Respondent:

- i. Mr. Asif Khan- Deputy Director (SMD)
- ii. Salman Arshad- Deputy Director (SMD)

ORDER

1. This Order is in the matter of Appeal No. 38 of 2017 filed by MAC Securities (Pvt.) Limited (the Appellant) against the Order dated 21/04/17 (the Impugned Order) passed by the Executive Director (PRPD) under Section 22 of the Securities and Exchange Ordinance, 1984 (the Ordinance) and Rule 8 of the Brokers and Agents Registration Rules, 2001 (the Rules).
2. The Securities and Exchange Commission of Pakistan (the Commission), vide a circular No.4/2013 dated 16/04/13 and in exercise of powers conferred under Section 6(3) of the Ordinance read with the Third Schedule of the Rules, directed all the TREC holders including the Appellant to submit their financial information through online Financial reporting System (FRS) for the quarter ended on September, 2013. The Commission vide letters dated January 30, 2014, June 10, 2015 and November 03, 2015 directed the stock exchanges to ensure that all TREC holders must submit their financial



Securities and Exchange Commission of Pakistan

returns to the Commission through online reporting system within the stipulated time and accordingly the stock exchanges disseminated the said direction on their websites for information and compliance, however, the Appellant failed to comply with the requirements for the following periods;

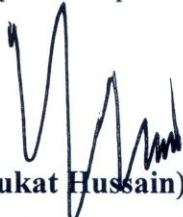
<u>S.No</u>	<u>Quarter Detail</u>	<u>Due Date</u>	<u>Status</u>
1.	September 2013	30/10/2013	Not Filed
2.	December 2013	30/01/2014	Not Filed
3.	March 2014	30/04/2014	Not Filed
4.	June 2014	30/07/2014	Not Filed
5.	September 2014	30/10/2014	Not Filed
6.	December 2014	30/01/2015	Not Filed
7.	March 2015	30/04/2015	Not Filed
8.	June 2015	30/07/2015	Not Filed
9.	September 2015	30/10/2015	Not Filed
10.	December 2015	30/01/2016	Not Filed
11.	March 2016	30/04/2016	Not Filed
12.	June 2016	30/07/2016	Not Filed


3. A Show Cause Notice dated 30/12/16 (the SCN) was issued to the Appellant for the non-compliance. The Appellant in its reply dated 11/01/17 stated that it is not active, has no KATS terminal ID and Password, and requested for withdrawal of the SCN on this ground. However the Respondent rejected the request, vide letter dated 02/02/17 and fixed the matter for hearing on 08/02/17. The Appellants' representative attended the hearing and reiterated their previous stance and sought further time for filing of financial information through FRS, and gave the commitment for filing of financial information within the extended time. In view of the Appellant's commitment, the Commission, vide letter dated 09/02/17 issued a final deadline for submission of the financial information through FRS and asked the Appellant to submit a compliance report on or before 28/02/17, however, it failed to comply with the direction. Therefore, the Respondent imposed a penalty of Rs.300,000/- on the Appellant due to failure to discharge the regulatory requirements.
4. The Appellant preferred this appeal against the Impugned Order and stated that the Respondent has not considered the contentions of the Appellant. The Respondent has rebutted the Appellant stance and stated that due consideration was given to the Appellant 'contentions.



Securities and Exchange Commission of Pakistan

5. The Appellate Bench (the Bench) has heard the parties and perused the record. In view of record, the Appellant has not complied the requirements of online filing of quarterly accounts through FRS since September 2013. In view of the aforesaid, the Appellant cannot be exonerated from established regulatory violations. However, past compliance of Appellant and non-availability of KATS terminal, ID and password for online filing through FRS are sufficient mitigating factors for a lenient view. Therefore, while maintaining the Impugned Order we hereby reduce the amount of penalty to Rs.150,000/- (One Hundred and Fifty Thousand Rupees).
6. The Appeal is disposed of accordingly, without any order as to cost.


(**Shaukat Hussain**)
Commissioner (CCD-CLD)


(**Tahir Mahmood**)
Commissioner (CSD-CLD)

Announced on: **08 MAY 2018.**