

**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**

**(Securities Market Division)**

**Public Offering and Regulated Persons Department**

File No. 1(72) SMD/PRPD/PSX/2016

December 23, 2016

**Chief Executive Officer,**  
**Faith Securities (Private) Limited**  
908-909, 9th Floor, ISE Towers, 55-B,  
Jinnah Avenue,  
Islamabad,

**Subject: ORDER IN RESPECT OF SHOW CAUSE NOTICE DATED AUGUST 4, 2016 BEARING NO 1(72) SMD/PRPD/PSX/2016.**

Dear Sir,

Please find enclosed herewith a copy of order in the title matter for your record and necessary action.

Yours truly,

**(Muhammad Farooq)**  
Additional Director (PRPD)



# Securities and Exchange Commission of Pakistan

Securities Market Division

Public offering and Regulated Persons Department

## Before the Executive Director (PRPD)

### In the matter of Show Cause Notice Issued to Faith Securities (Private) Limited

Opportunity of Hearings provided on	August 17, 2016 and October 05, 2016
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### ORDER

This Order shall dispose of the proceedings initiated through Show Cause Notice bearing No. 1(72) SMD/PRPD/PSX/2016 dated August 04, 2016 (“SCN”) served to Faith Securities (Private) Limited (“Respondent”) by the Securities and Exchange Commission of Pakistan (“Commission”) under section 22 of the Securities and Exchange Ordinance, 1969 (“Ordinance”) and rule 8 of the Brokers and Agents Registration Rules, 2001. (“Brokers Rules”). The Respondent was a Trading Right Entitlement Certificate (“TREC”) holder of Pakistan Stock Exchange (“PSX”) and registered with the Commission as a broker under Brokers Rules.

2. Brief facts of the case are that the Commission vide Circular No. 4/2013 dated April 16, 2013, in exercise of powers conferred under section 6(3) of the Ordinance read with Third Schedule of the Brokers Rules directed all the TREC holders/brokers to submit their financial information through online Financial Reporting System (FRS), within 30 days of the close of each quarter. Pursuant to aforesaid directive, the TREC holders were required to submit their financial information online through FRS since the quarter ended on September 2013.

3. The Commission also arranged the awareness and training session in June- July, 2015 and March, 2016 for the TREC holders on FRS in Islamabad, Lahore and Karachi. The basic purpose of sessions was to give awareness to the TREC holders on FRS and provide them guidance for filing of their returns.

4. The Commission vide letters dated January 30, 2014, June 10, 2015 and November 03, 2015 directed to then stock exchange(s) to ensure that all TREC holders must submit their financial returns to the Commission through online reporting system, within the stipulated time limit and the stock exchanges disseminated the said direction of the Commission on their websites for information and compliance by the TREC holders.

5. Besides, the Respondent was directed/reminded vide letters dated June 11, 2015, September 30, 2015, October 21, 2015, January 27, 2016 and February 11, 2016 for filing of its financial information through FRS but it had failed to file the obligatory information, detail of which is as under: -

Quarter Detail	Due Date	Status
September-2013	October 30, 2013	Not Filed
December-2013	January 30, 2014	Not Filed
March-2014	April 30, 2014	Not Filed
June-2014	July 30, 2014	Not Filed
September-2014	October 30, 2014	Not Filed
December -2014	January 30, 2015	Not Filed
March-2015	April 30, 2015	Not Filed
June-2015	July 30, 2015	Not Filed
September-2015	October 30, 2015	Not Filed
December -2015	January 30, 2016	Not Filed
March-2016	April 30, 2016	Not Filed

AJB





# Securities and Exchange Commission of Pakistan

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6. The Commission took cognizance of the matter and served the SCN to the Respondent under section 22 of the Ordinance and rule 8 of the Brokers Rules. The Respondent was directed to file written reply to the notice by August 11, 2016 and to attend hearing on August 17, 2016 to present stance in person. The SCN sent at registered office of the Respondent was received back as undelivered with the remarks that "returned due to closure of office". Another opportunity of hearing was provided on October 5, 2016. However, no one appeared on the said date.

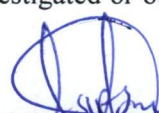
7. During the pendency of the SCN proceedings, the brokerage registration of the Respondent expired on September 26, 2016. However, the Respondent did not submit any application for its renewal. Consequently, PSX on September 26, 2016 suspended the trading terminals of the Respondent in terms of clause 20.3.4 of PSX Regulations which provides that: -

"In the event of refusal by the Commission to renew Broker registration of a TRE certificate Holder or failure by the TRE certificate Holder to apply for renewal till the date of expiry of the broker registration or cancellation of registration by the Commission, the CRO or authorized officer of RAD shall suspend the complete trading terminals of such TRE Certificate Holder after obtaining confirmation of the Commission".

Further, Central Depository Company of Pakistan Limited vide notice dated September 26, 2016 also imposed restriction on the admission of the Respondent to the CDS as participant. Similarly, National Clearing Company of Pakistan Limited vide notice dated September 26, 2016 suspended the access of Respondent to the NCC system.

8. In view of the facts that the Respondent is no longer a securities broker, suspension of its terminal by PSX and the restrictions imposed by Central Depository Company of Pakistan Limited and National Clearing Company of Pakistan Limited, the proceedings initiated against the Respondent through the instant SCN are being concluded without imposing any penalty.

9. This order is issued without prejudice to any other action that the Commission may initiate against the Respondent in accordance with law on matters subsequently investigated or otherwise brought to the knowledge of the Commission.

  
Asif Jalal Bhatti  
Executive Director (PRPD)

Announced on December 23, 2016

Islamabad.