



**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,  
First Capital Equities Limited  
4th Floor, Lakson Square  
Building No.1, Sarwar Shaheed Road,  
Karachi.**

**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 First Capital Equities Limited**

<b>Date of Hearing</b>	October 05, 2016
<b>Present at the Hearing</b>	
<b><u>Representing First Capital Equities Limited</u></b>	
Mr. Ahsan Zia	Director
<b><u>Representing the Department</u></b>	
Mr. Amir Saleem	Joint Director (SSED)
Mr. Ishfaq Ahmed Saqi	Assistant Director (SSED)
<b><u>Assisting the Executive Director (PRPD)</u></b>	
Mr. Nasir Askar	Director (PRPD)
Mr. Muhammad Farooq Bhatti	Additional Director (PRPD)
Mr. Sabeel Ahmed	Management Executive (PRPD)

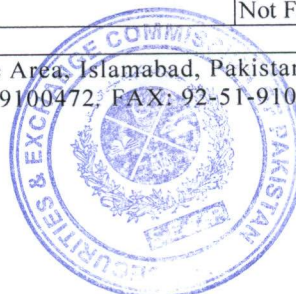
**ORDER**

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 First Capital Equities 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 is 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. Besides, the Respondent 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



KJB



4. 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 SCN by August 11, 2016 and attend hearing on August 17, 2016. The chief executive of the Respondent vide letter dated August 12, 2016 informed that the Respondent received login and password on October 29, 2015 and thereafter it tried to file the returns quite a few times. However, due to some technical issues, the returns could not be filed. On the request of the Respondent, the hearing was rescheduled for October 05, 2016.

5. On the date of hearing, Mr. Ahsan Zia, Director of the Respondent called hereunder “(Representative) appeared before me at Commission’s Head office, Islamabad. He also filed written response to the SCN. The Representative asserted that the under reference noncompliance was not committed intentionally but occurred due to some technical reasons. The written and oral submissions of the Respondent and the Representative may be summarized as under: -

*“The Respondent always complies the directives of SECP and PSX in timely manner and it is currently updated in filing of all other financial information and returns including filing of Financial Statements/information with SECP and PSX. The management of the company has taken an action on the under reference matter, which has resulted in change of CFO of the company. We apologize for the above situation and request to take lenient view of the situation. We also confirm that we will file the latest and outstanding returns within a period of 15 days”.*

At the end of the hearing, the Representative was advised to file the overdue returns within fifteen days under intimation to the undersigned. In case of any issue with the filing, the Representative was advised to contact the relevant department of the Commission. In this regard, contact numbers of the officers were also provided to the Representative.

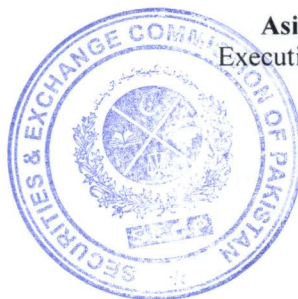
6. The hearing was held on October 05, 2016. Therefore, the Respondent was required to furnish compliance status report by October 20, 2016. However, the Respondent did not submit any compliance report to the Commission. In order to ascertain the compliance status of the Respondent, the relevant department of the Commission was asked to provide details of the returns filed by the Respondent through FRS. The department informed that the Respondent had filed only one (1) return through FRS. In order to provide a last opportunity to the Respondent, it was advised vide letter dated December 16, 2016 to submit all the returns by December 23, 2016. Therefore, the relevant department of the Commission was asked to provide details of the returns filed by the Respondent through FRS. On December 23, 2016, the department informed that the Respondent has filed 11 returns through FRS.

7. Based on the foregoing and keeping in view the assurance from the Respondent for timely compliance of directive given through Circular No. 4/2013 dated April 16, 2013, issued in exercise of powers conferred under section 6(3) of the Ordinance read with Third Schedule of the Brokers Rules, no penalty is being imposed on the Respondent under section 22 of the Ordinance. However, the Respondent is strictly warned to ensure compliance of aforesaid regulatory framework in letter and spirit, in future.

8. 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.

Announced on December 23, 2016

Islamabad.



Asif Jalal Bhatti  
Executive Director (PRPD)

23/12/16