



**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**  
**(Securities Market Division)**  
**Public Offering and Regulated Persons Department**

File No. 1(72) SMD/PRPD/PSX/2016-2387.

October 04, 2016

**Chief Executive Officer,**  
**IAK Securities (Pvt.) Limited**  
17/3, E-II, Gulberg-III,  
**Lahore.**

**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 IAK Securities (Private) Limited

Date of Hearing

August 17, 2016

Present at the Hearing

*Representing IAK Securities (Private) Limited*

(i) Mr. Imran Amjad

Chief Executive Officer

*Representing the Department*

(i) Mr. Amir Saleem

Joint Director (SSED)

(ii) Mr. Ishfaq Ahmed Saqi

Assistant Director (SSED)

*Assisting the Executive Director/HOD (PRPD)*

(i) Mr. Nasir Askar

Director (PRPD)

(ii) Mr. Muhammad Farooq

Additional Director (PRPD)

(iii) 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 IAK 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 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 the 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

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limit and the stock exchanges disseminated the said direction of the Commission on their websites for information and compliance by the TREC holder. 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

5. 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 and attend hearing on August 17, 2016 to present stance in person. Mr. Imran Amjad Khan, Chief Executive Officer of the Respondent (Representative) vide letter dated August 11, 2016 filed written response to the Notice. On the given date, the Representative, appeared on behalf of the Respondent at Commission's Head office, Islamabad. The Representative stated that the Respondent has now filed all the pending quarterly financial information through online financial reporting system and did not commit the violation of the directive of the Commission knowingly and willfully. The arguments presented in support of the plea may be summarized as under:-

- The Respondent was not operational and no public interest was involved before October 15, 2015.
- The current management of the Respondent took charge on August 20, 2015.
- The new management was committed to comply with all the requirements of the regulatory framework, including submission of financial information online through FRS.
- The management in order to submit the returns requested the Commission to issue User-ID and password. The details of correspondence exchanged in the matter is as under:-

S. No	Requested letter	Reply from the Commission	Status
1	September 17, 2015	September 28, 2015 & November 23, 2015	Not Granted
2	November 24, 2015	November 27, 2015 & December 01, 2015	Not Granted
3	March 30, 2016	No Response received	N/A
4	May 26, 2016	June 01, 2016	Not Granted

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5		July 26, 2016	Granted
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- a) *As soon as we received online user-ID and password, we submitted all the pending quarterly financial information through online financial reporting system.*
- b) *The Representative assured that the financial information will be filed within the stipulated, in future.*

6. I have considered the aforesaid submissions made on behalf of the Respondent. The primary argument of the Representative was that the Respondent was non-operational till October, 2015 and no public interest was involved. The Representative further stated that meanwhile, management of the Respondent was changed in August 2015 and the current management applied for obtaining login ID and password, which are prerequisite for submission of online return through eServices system of the Commission. The representative further stated that Respondent upon receipt of login ID, password and digital signature has filed all over due returns through online FRS. He assured that in future the financial information would be filed online through FRS, within the stipulate time limit.

7. In order to arrive at decision, I have reviewed the available record, which revealed that the Respondent was granted Certificate of Registration as broker by the Commission on August 26, 2014 in the name of Naveed Capital Services (Pvt.) Limited and Mr. Muhammad Naveed Usman was its major shareholder/Chief Executive Officer. Later on its name was changed from Naveed Capital Services (Pvt.) Limited to IAK Securities (Pvt.) Limited on November 11, 2015. The record of this office further reveals that Mr. Imran Amjad Khan was appointed Chief Executive Officer of the Respondent on October 31, 2015. He was allotted 48,250 shares (59.02% of the total issued shares) of the Respondent on December 07, 2015. Meanwhile, the current management of the Respondent applied for obtaining of eServices user ID and password. The Commission on July 26, 2016 communicated login ID and password to the Respondent for using eServices system, subject to obtaining of digital signature from National Institutional Facilitation Technologies (Pvt.) Limited. Thereafter, the Respondent has filed all overdue returns through online FRS. The relevant department of the Commission i.e. Surveillance, Supervision and Enforcement Department has confirmed in writing that the Respondent has filed all financial returns for the requisite quarters through FRS.

8. 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, I am not imposing monetary penalty under section 22 of the Ordinance on the Respondent. However, the Respondent is strictly warned to ensure compliance of aforesaid regulatory framework in letter and spirit, in future.

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/HOD (PRPD)

**Announced on** 3/10/2016  
Islamabad.

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