



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 JSK Securities Limited

Date of Hearing	August 17, 2016
Present at the Hearing	
<u>Representing JSK Securities Limited</u>	
(i) Mr. Sohail Akram	Senior Account Officer
<u>Representing SSED</u>	
(i) Mr. Ishfaq Ahmed Saqi	Assistant Director (SSED)
<u>Assisting the Executive Director (PRPD)</u>	
(i) Mr. Nasir Askar	Director (PRPD)
(ii) Mr. Muhammad Farooq	Additional Director (PRPD)
(iii) Mr. Sabeel Ahmed	Assistant Director (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 JSK Securities 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.

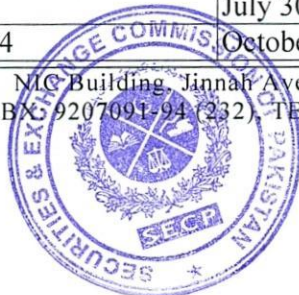
2. Brief facts of the case are that the Commission vide Circular No. 4/2013 dated April 16, 2013, in exercise of powers conferred under section 6(3) of the Ordinance read with Third Schedule of the Brokers Rules directed all the TREC holders/brokers to submit their financial information through online 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 sessions 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

NIC Building, Jinnah Avenue, Blue Area, Islamabad, Pakistan
PABX: 9207091-94 (232), TEL: 92-51-9100472, FAX: 92-51-9100440



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 by August 11, 2016, and attend hearing on August 17, 2016 to present stance in person. The Respondent did not file written reply to the Notice. However, on the given date, Mr. Sohail Akram, Senior Account Officer of the Respondent **“(Representative)”** appeared on behalf of the Respondent at Commission’s Head office, Islamabad. The contentions made by the Representative verbally during the course of hearing may be summarized as under:

“We would like to submit that the said non-filing was unintentional and we assure that the required information would be filed within the week and updated status would be provided to the Commission”. The Representative also assured that “in future the financial information will be filed within the stipulated time limit”.

At the conclusion of the hearing, the Representative was advised to file the overdue returns within a week 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 details of the officers were also provided to the Representative.

6. During the hearing held on August 17, 2016, the Representative committed that the Respondent would file the returns within a week and would communicate the compliance status to the Commission. Thus, the Respondent was supposed to submit all the returns by August 24, 2016 and submit a compliance report to the Commission. However, the Respondent failed to submit any compliance report the Commission. The Respondent was, therefore, asked vide letter dated September 08, 2016 to furnish compliance report by September 19, 2016. However, the Respondent did not submit any 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) financial return for the quarter ended September 2013 through FRS. In order to provide last opportunity to the Respondent, it was advised vide letter dated December 27, 2016 to submit all the returns by January 02, 2017. However, no response was received from the Respondent. Therefore, the relevant department of the Commission was asked to provide details of the remaining returns filed by the Respondent through FRS, if any. On January 03, 2017, the department informed that the Respondent had not filed any further returns for the remaining quarters even after lapse of extended timeline of January 02, 2017.

7. In view of the foregoing, it is evident that Respondent was time and again directed to file the overdue returns latest by August 24, 2016, September 19, 2016 and January 02, 2017 but despite ample opportunities provided by this office, it did not pay any heed to the regulatory requirements.

8. Based on the foregoing, I am of the considered view that the Respondent has failed to comply with the requirements 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.

9. Any non-compliance with the directives of the Commission by a regulated person is a serious matter. Therefore, in exercise of the powers under section 22 of the Ordinance, a penalty of Rs. 150,000/- (One Hundred and Fifty Thousand rupees only) is being imposed on the Respondent. The Respondent is directed to file all overdue financial returns through FRS within

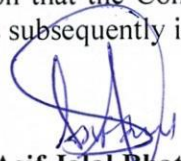
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30 days from the date of this Order. The Respondent is further directed to ensure strict compliance of the regulatory framework in letter and spirit, in future.

10. The matter is disposed of in the above manner and the Respondent is directed to deposit the fine in the account of the Commission being maintained in the designated branches of MCB Limited and UBL not later than thirty (30) days from the date of this order and furnish the copy of the deposit challan to the undersigned.

11. 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 January 03, 2017
Islamabad.

