



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,
M.F. Stocks (Pvt.) Limited
Office No 3-B, Khawaja Arcade,
Opposite Chauhan Road, Bund Road,
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)

ORG



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 M.F. Stocks (Private) Limited

Date of Hearing	October 06, 2016
Present at the Hearing	
<u>Representing M.F. Stocks (Private) Limited</u>	
(i) Mr. Awais Butt	Shafiq & Co Chartered Accountants
<u>Representing the Department</u>	
(i) Mr. Amir Saleem	Joint Director (SSED)
(ii) 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	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 M.F. Stocks (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 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 letter dated June 11, 2015, September 30, 2015, October 21, 2015, December 10, 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:



AS

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

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 and attend hearing on August 17, 2016 to present stance in person. On the request of the Respondent, the hearing was rescheduled for October 6, 2016.

7. On the given date, Mr. Awais Butt, from Shafiq & Co Chartered Accountants (**Representative**) appeared on behalf of the Respondent through video link from Commission's regional office located at Lahore. The Representative also filed the written response on the date of hearing. The Representative submitted that the lapse in compliance was inadvertent and the Respondent has started filing the returns and the same can be checked from the e-portal of the company. Further, the Representative assured compliance with the regulatory requirements in the future and requested for a lenient view in the matter.

8. The relevant department of the Commission informed that the Respondent had filed 6 returns while one return was under submission. The Respondent was therefore advised vide letter dated October 19, 2016 to submit the remaining returns by October 26, 2016. The relevant department of the Commission informed on November 1, 2016 that the Respondent had filed all the requisite returns through FRS.

9. Based on the foregoing and keeping in view the assurance given by the Respondent for compliance with the regulatory requirements in future, no penalty is being imposed on the Respondent under section 22 of the Ordinance. However, the Respondent is strictly warned to ensure compliance with the regulatory framework in letter and spirit, in future.

10. 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 Jafal Bhatti
Executive Director (PRPD)

Announced on December 23, 2016

Islamabad.