



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,
RUC Securities (Pvt.) Limited
123, First Floor, Sidco Avenue Centre
264, R.A. Lines
Karachi.

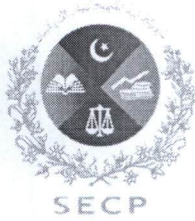
Subject: ORDER IN RESPECT OF SHOW CAUSE NOTICE DATED AUGUST 4, 2016 BEARING NO 1(72) SMD/PRPD/PSX/2016.

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 RUC Securities (Pvt.) Limited

Date of Hearing	October 26, 2016
Present at the Hearing	
<i>Representing RUC Securities (Private) Limited</i>	<i>Mr. Umair Chaudhary, Chief Executive Officer</i> <i>Mr. Zayd Chaudhri, Manager</i>
<i>Representing SSED</i>	<i>Mr. Ishfaq Ahmed Saqi Assistant Director (SSED)</i> <i>Mr. Amir Saleem Joint Director (SSED)</i>
<i>Assisting the Executive Director (PRPD)</i>	<i>Mr. Nasir Askar Director (PRPD)</i> <i>Mr. Muhammad Farooq Additional Director (PRPD)</i> <i>Mr. Sabeel Ahmed Management Executive (PRPD)</i>

ORDER

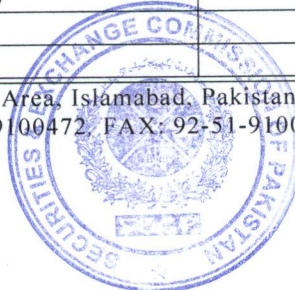
This Order shall dispose of the proceedings initiated through Show Cause Notice bearing No. 1(72) SMD/PRPD/PSX/2016 dated August 04, 2016 ("SCN") served to RUC Securities (Private) Limited ("**Respondent**") by the Securities and Exchange Commission of Pakistan ("**Commission**") under section 22 of 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 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. 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. But, 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

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



ADA

September-2015	October 30, 2015	Not Filed
December -2015	January 30, 2016	Not Filed
March-2016	April 30, 2016	Not Filed

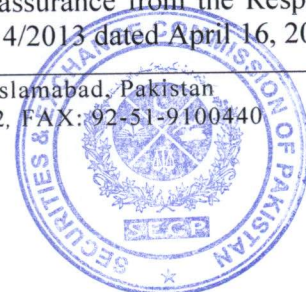
4. The Commission took cognizance of the matter and served the SCN to the Respondent under section 22 of the Ordinance and rule 8 of the Brokers Rules. The Respondent was directed to file written reply to the notice by August 11, 2016, and attend hearing on August 17, 2016. The Respondent vide letter dated August 9, 2016 filed its written response to the SCN. The hearing of August 17, 2016 was initially rescheduled for October 5, 2016. However, the Respondent did not attend the hearing. The Respondent vide letter dated October 13, 2016 informed that it received the notice late and requested for rescheduling the hearing. The request was accepted and matter was rescheduled for October, 26 2016. On the given date, Mr. Umair Chaudhary, Chief Executive Officer, and Mr. Zayd Chaudhri, Manager of the Respondent called hereunder “**(Representatives)**” appeared before me through video link from Commission’s office located at Karachi. The contention made by the Respondent in writing and by the Representatives verbally during the course of hearing may be summarized as under:-

- (i) *Due to Oversight the quarterly accounts could not be filed.*
- (ii) *Subsequent to the demutualization of stock exchanges we shifted our registered office from Lahore to Karachi and during shifting some important mail/notices could not reach us in time to enable compliance.*
- (iii) *The company remained inactive for most of the period. During the period mentioned in your letter there were no client accounts and therefore no funds from the public were received for ay trading activity or other activity. No salaries were paid to any person. Payments were made only to Lahore Stock Exchange for various charges, to SECP and to consultants/auditors handling governmental compliance issues etc. This is reflected in the statutory Annual Accounts filed with SECP during this period.*
- (iv) *We are already started preparing the quarterly accounts details as required in your letter which we will submit expeditiously.*
- (v) *We have recently commenced activity and are trying to comply with various statutory requirements. It is requested that non-filing of the quarterly details be condoned and any imposition of penalty be waived under Section 22 of the Securities and Exchange Ordinance, 1969 and Rule 8 of the Brokers and Agents Registration Rules, 2001”.*

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

5. During the hearing, the Respondent was advised to file the returns within fifteen days and submit compliance report. The hearing was held on October 26, 2016. Therefore, the Respondent was, to file the returns and furnish compliance status report by November 10, 2016. However, the Respondent did not submit any compliance report. 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 not filed any returns 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. No response was received from the Respondent. 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.


6. 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.

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.




23/12/16
Asif Jalal Bhatti
Executive Director (PRPD)

Announced on December 23, 2016
Islamabad.