



Securities and Exchange Commission of Pakistan

Securities Market Division
Public Offering and Regulated Persons Department

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No. 1(72)SMD/PRPD/PSX/2016

September 9, 2016

The Chief Executive Officer,
Smart Investment Capital (Pvt.) Limited,
Suit No. 120 1st Floor,
Saima Trade Tower,
Karachi

Subject: Order in respect of Show Cause Notice dated August 4, 2016 Bearing Number No. 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)

ofc

C.C. to:- Director / AOD (SEED)



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Before the Executive Director (PRPD)
In the matter of Show Cause Notice Issued to
Smart Investment Capital Management (Private) Limited

Date of Hearing August 17, 2016

Present at the Hearing

*Representing Smart Investment
Capital Management (Private) Limited*

(i) *Mr. Muhammad Saleem*

Representing the Department

(i) *Mr. Amir Saleem,
Joint 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") issued to Smart Investment Capital Management (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 was 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 in June- July, 2015 and March, 2016 arranged the awareness and training session 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.





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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 letters dated June 11, 2015, September 30, 2015, October 26, 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:-

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 by August 11, 2016, and attend hearing on August 17, 2016 to present stance in person. The Respondent vide letter dated August 15, 2016 filed written response to the SCN. Furthermore, Mr. Muhammad Saleem called hereunder **“(Authorized Representative)”** attended the hearing on behalf of Respondent through video conferencing from Commission’s regional office, Karachi. The Authorized Representative stated that the Respondent has submitted application for voluntary surrender of TREC to PSX as it does not intent to carry on operations as a securities broker and submitted the following documents in support of the statement:

- (i) Copy of Application dated June 22, 2016, submitted to the Managing Director PSX, for voluntary surrender of TREC.
- (ii) Copy of Notice/No objection dated June 27, 2016 regarding termination of Respondent’s admission to the CDS as participant, issued by Central Depository Company of Pakistan (CDC).

KTD





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- (iii) Copy of Termination Notice dated July 13, 2016, issued by National Clearing Company of Pakistan Limited ("NCCPL") in favour of the Respondent.

7. I have heard the Authorized Representative of the Respondent and reviewed the available record, which reveals that the Respondent has submitted application to PSX for relinquishment/surrendering of its TREC. Moreover, CDC and NCCPL have terminated Respondent's access to their systems and terminals. Since, the Respondent has opted to exit from business of the brokerage and necessary proceedings in this regard are already underway, therefore, the matter is not being thrust anymore. Thus, the proceedings initiated through SCN are concluded here without imposing any penalty and the matter stands closed.

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.



Asif Jalal Bhatti
Executive Director/HOD (PRPD)

Announced on September 9, 2016

Islamabad.