

SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

(Securities Market Division)

Public Offering and Regulated Persons Department

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

December 28, 2016

Chief Executive Officer,
Zafar Moti Capital Securities (Private) limited
55, Stock Exchange Building,
Stock Exchange Road.,
Karachi.

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

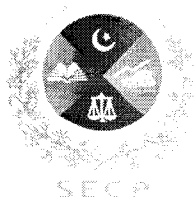
Dear Sir,

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 Zafar Moti Capital Securities (Private) Limited

Date of Hearing	October 05, 2016
Present at the Hearing	
<i>Representing Zafar Moti Capital Securities (Private) Limited</i>	<i>Mr. Muhammad Javed, Mr. Naveed</i>
<i>Representing the Department</i>	<i>Mr. Amir Saleem Joint Director (SSED) Mr. Ishfaq Ahmed Saqi Assistant Director (SSED)</i>
<i>Assisting the Executive Director (PRPD)</i>	<i>Mr. Nasir Askar Director (PRPD) Mr. Muhammad Farooq Additional Director (PRPD) 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 Zafar Moti Capital 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.

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. 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

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

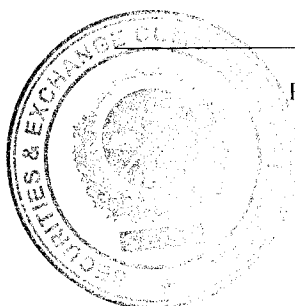
5. The Commission took cognizance of the matter and served the SCN to the Respondent under section 22 of the Ordinance and rule 8 of the Brokers Rules. The Respondent was directed to file written reply to the SCN by August 11, 2016, and attend hearing on August 17, 2016 to present stance in person. The Respondent vide letter dated August 12, 2016 filed written response to the SCN, but did not attend the hearing scheduled for August 17, 2016. Another opportunity of hearing was provided on October 5, 2016.

6. On the given date, Mr. Muhammad Javed and Mr. Naveed (**Representatives**) appeared on behalf of the Respondent through video conferencing from the Commission's Karachi office. The submissions made by the Respondent in writing and by the Representatives during hearing are as under:

- a) *Due to error in FRS portal we were unable to file the statement on quarterly basis.*
- b) *The error was communicated multiple times to the Commission through email at helpdesk.eservices@secp.gov.pk.*
- c) *The said error may be fixed. The returns would be filed within one week and compliance report would be made to the Commission, accordingly.*
- d) *The Commission is requested to withdraw the notice".*

In support of their arguments, the Representatives provided copies of email sent to helpdesk of the Commission for intimation and resolution of the issue. The representatives of the department of the Commission informed that the FRS portal was working and the other brokerage houses were filing their returns. The representatives of the department of the Commission further stated that necessary guidance was provided, as and when assistance was sought by a brokerage house. At the conclusion of the hearing, the Representatives were advised to file the overdue returns within twelve 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 details of the officers were also provided to the Representatives.

7. During the hearing held on October 05, 2016, the Respondent was advised to file the returns within twelve days and submit compliance report by October 17, 2016. The Respondent vide letter dated October 18, 2016 informed that it was unable to file the requisite returns due to system error and requested for grant of further time for filing of the pending returns. The Respondent was informed vide letter dated October 20, 2016 to file the pending returns by October 28, 2016. The names and contact details of the officers of the relevant department of the Commission were also provided to the Respondent with the advice to contact them in case any assistance is required. The Respondent vide letter dated October 28, 2016 again sought extension for filing of the returns on the plea that it was in the process of feeding the data into FRS. The request was acceded to vide letter dated November 02, 2016 and the Respondent was advised to file all pending returns by November 18, 2016. However, the Respondent failed to submit any compliance report to the Commission, therefore, the status of filing of returns was enquired from the relevant department of the Commission. The department confirmed that the Respondent had filed two (2) returns for the quarter ended September 2013 and December 2013. 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. 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 December 23, 2016, the department informed that the Respondent had not filed any further returns for the remaining quarters even after lapse of extended timeline of December 23, 2016.



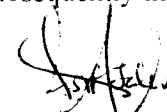
8. In view of the foregoing, it is evident that Respondent was time and again directed to file the overdue returns latest by October 17, 2016, October 28, 2016, November 18, 2016 and December 23, 2016 but despite ample opportunities provided by this office, it did not pay any heed to the regulatory requirements.

9. 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.

10. 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 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.

11. 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.

12. 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 December 26, 2016

Islamabad.

