



Through Courier

Before the Commissioner (SMD)

In the matter of Show Cause Notice Issued to JSK Securities Limited

Date of Hearing

April 26, 2017

Present at the Hearing

Representing JSK Securities Limited

Mr. Sohail Akram

Senior Account Officer

Assisting the Commissioner (SMD)

(i) Mr. Javed Akhter Malik

Joint Director (PRPD)

(ii) Mr. Ishfaq Ahmad Saqi

Assistant Director (SSED)

ORDER

This Order shall dispose of the proceedings initiated through Show Cause Notice bearing No. 2(44/59/62/63/64) SMD/PRPD/2017 dated April 12, 2017 (“SCN”) served to JSK Securities Limited (“Respondent”) by the Securities and Exchange Commission of Pakistan (“Commission”) under section 150 of the Securities Act, 2015 (III of 2015). (“Act”).

2. Brief facts of the case are as follows:-

- (a) Review of the Financial Reporting System (“FRS”) data revealed that the Respondent had not filed quarterly financial return through the online FRS for quarter end June 30, 2016, September 30, 2016 and December 31, 2016 in contravention of Commission Circular No. 4 of 2013 dated April 16, 2013. This is despite the fact that the Commission arranged the awareness and training sessions for the TREC holders on FRS in Islamabad, Lahore and Karachi.
- (b) The Commission vide its letter dated January 27, 2017 sought information from the Respondent to assess the level of compliance with Regulation 20 of the Securities Brokers (Licensing and Operations) Regulations, 2016 (“SB Regulations”). The reply of the Respondent reveals that it was *prima facie* non-compliant with the provisions of sub-regulation 1 and 2 of Regulation 20 of SB Regulations as it has not provided information regarding details of dedicated lines, centralized recording system and mechanism to record order received in person.
- (c) The Respondent had not sent details of all its bank accounts with the Head of Department, Surveillance, Supervision and Enforcement Department (“HOD-SSED Department”) of the Securities Market Division of the Commission as required through PSX notice No. PSX/N-798 dated February 08, 2017 and

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



Securities and Exchange Commission of Pakistan
Securities Market Division

despite sending reminder letter by the Commission on March 17, 2017 to the Respondent.

- (d) The Respondent had not submitted hard copy of its annual accounts for the year ended June 30, 2016 with HOD-SSED Department as required through PSX notice No. PSX/N-797 dated February 08, 2017, PSX/N-1118 dated February 22, 2017 and despite sending reminder letter by the Commission on March 16, 2017 to the Respondent.
- (e) The Respondent had not submitted hard copy of its half yearly accounts for the period ended December 31, 2016 with the HOD-SSED Department as required through PSX notice No. PSX/N-798 dated February 08, 2017 and despite sending reminder letter by the Commission on March 17, 2017 to the Respondent.

3. The Commission took cognizance of the aforementioned facts and served the SCN to the Respondent as the above contraventions attract the penal provisions under section 150 (1) and 150(2) of the Act. The Respondent was asked to file written reply to the SCN. The Respondent filed written reply to the Notice vide letter dated April 27, 2017. Hearing in the matter was scheduled on April 26, 2017. On the given date, Mr. Sohail Akram, Senior Account Officer of the Respondent (**Representative**) attended the hearing on behalf of Respondent. The arguments submitted by the Respondent in writing and verbal assertions made by the Representatives during the hearing are given below:

"We have now filed all the financial data through online FRS. We have state of art on line recording system provided by Nayatel. Bank Account details and half-yearly and annual accounts were provide to PSX. Copies of the letters sent to PSX are enclosed.

4. I have heard the arguments presented by the Representative of the Respondent at length during the hearing. Additionally, I have perused the available record and written response filed by the Respondent. My observations and conclusions are as follows:

- (i) **FRS Filing:** With regard to non-filing of quarterly financial reports by the Respondent through online FRS with the Commission, it has been established that the Respondent was non-compliant at the time of issuance of SCN. The Respondent accepted during the hearing that it had not filed quarterly FRS for the quarter ended June 30, 2016, September 30, 2016 and December 31, 2016 prior to issuance of SCN. It has been reported by the concerned department i.e SSED that the Respondent has now filed all the pending quarters' data in FRS as referred in the SCN.
- (ii) **Order Recording:** With regard to compliance with Regulation 20 of SB Regulations, the Respondent has explained its position in details as to how it is compliant with the provisions of of Regulation 20 of SB Regulations. Based on the submission I am of the view that the Respondent is sufficiently in compliance with the provision of Regulation 20 of SB Regulations.
- (iii) **Providing details of bank accounts, filing of half yearly and annual accounts:** With regard to providing details of bank accounts, filing of half-yearly and annual accounts with the HOD-SSED, the Respondent has taken the

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



Securities and Exchange Commission of Pakistan
Securities Market Division

plea that these had already been provided to PSX. The plea of the Respondent is neither acceptable nor tenable as the PSX notices on the matter categorically required that the same should be submitted to PSX as well as to HOD-SSED in the Commission. Furthermore, it has been observed that the Respondent has not yet provided hard copies of its annual and half yearly accounts as referred in the SCN to HOD-SSED.

5. Based on the foregoing, it is evident that the Respondent has not yet submitted the hard copies of its annual accounts for the period ended June 30, 2016 and half year accounts for the period ended December 31, 2016 as referred in SCN to HOD-SSED, which reveals its non-serious attitude for compliance with regulatory requirements. The Respondent has failed to discharge its regulatory obligations. The violation of regulatory framework is a serious matter. Therefore, in exercise of the powers under section 150 of the Act, **a penalty of Rs. 100,000/- (Rupees One Hundred Thousand only)** is imposed on the Respondent. The Respondent is directed to submit its annual and half-yearly accounts for the period ended June 30, 2016 and December 31, 2016 to HOD-SSED within 10 days from the date of this Order. The Respondent is further directed to ensure strict compliance with the regulatory framework in letter and spirit, in future.

6. The matter is disposed of in the above manner and the Respondent is directed to deposit the fine of the account of the Commission being maintained in the designated branches of MCB Limited not later than fifteen (15) days from the date of this order and furnish the copy of the deposit challan to the undersigned.

7. 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.




Akif Saeed
Commissioner (SMD)

Announced on May 30, 2017
Islamabad.