



Securities and Exchange Commission of Pakistan

Adjudication Division
Adjudication Department-I

Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Trust Securities & Brokerage Limited

Dates of Hearing

October 27,2020

Order-Redacted Version

Order dated February 3, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Trust Securities & Brokerage Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated August 18, 2020
2. Name of Company	Trust Securities & Brokerage Limited
3. Name of Individual*	The proceedings were initiated against the company and its board of directors i.e. Trust Securities & Brokerage Limited
4. Nature of Offence	In view of alleged violation of under Section 166(1) of the Companies Act, 2017 (the "Act") read with section 169 of the Act. through SCN dated August 18, 2020 and order dated February 3, 2021 was passed.
5. Action Taken	Key findings were reported in the following manner: I have examined the written as well as oral submissions of the Respondent and its Authorized Representatives. It was stated that the Company's management was required to appoint two independent directors from the databank of the independent directors maintained by PICG notified by the Commission. The independent directors were elected on April 1, 2020 and subsequently, they were inducted into the PICG databank on 19.08.2020. It is pertinent to note that the law clearly states that an independent director to be appointed under any law, rules, regulations or code, shall be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by any institute, body or association, as may be notified by the Commission. Furthermore, on January 25, 2018, the Commission under section 510 read with sub section (l) of section 166 of the



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	<p>Companies Act, 2017 (XIX of 2017), notified Pakistan Institute of Corporate Governance (PICG), to create and maintain databank of independent directors and post such data on its website for the use by the company making the appointment of such directors. Commission vide S.R.O. 556 (I) 2018 dated April 26,2018 notified Companies (Manner and Selection of Independent Directors) Regulations, 2018, which states as follows:</p> <p style="text-align: center;"><u>“3. These Regulations shall apply to any institute, body or association, notified by the Commission for maintaining and creating databank of independent directors. and the companies or entities that are required to select independent directors under any law, rules, regulations or code, unless any other mechanism is provided their respective law for the time being in force.”</u></p> <p>Therefore, according to law, it was obligatory on the part of the Respondents to comply the requirements prescribed under section 166(1) of the Act. However, Respondents were failed to comply the its statutory obligations. Therefore, Respondent contravened section 166(1) of the Act.</p> <p>2. In view of the foregoing and admission made by the Authorized Representatives, contraventions of the provisions of section 166(1) of the Act has been established. In terms of powers conferred under section 169 of the Act, a penalty of Rs.50,000/- (Rupees fifty thousand) is hereby imposed on the Company. The Respondents are advised to ensure that the requirements contained in the Act are met in letter and spirit.</p> <p>3. The Respondent is directed to deposit the aforesaid penalty in the account of the Commission being maintained in the designated branches of MCB Bank Limited within 30 days of the date of this Order and furnish Original Deposit Challan to this office.</p> <p>4. This Order is issued without prejudice to any other action that the Commission may initiate against the Respondent in accordance with the law on matter subsequently investigated or otherwise brought to the knowledge of the Commission.</p> <p>Penalty order dated February 3, 2021 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A Penalty of Rs.50,000/- (Rupees fifty thousand) was imposed on the company.



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7. Current Status of Order	No Appeal has been filed by the respondent.
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