



# 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 Dattoo Securities (Pvt.) Limited

Dates of Hearing

May 21, 2020

## Order-Redacted Version

Order dated March 05, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Dattoo Securities (Pvt.) Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated May 21, 2020
2. Name of Company	Dattoo Securities (Pvt.) Limited
3. Name of Individual*	The proceedings were initiated against the Company i.e. Dattoo securities (Pvt.) Limited
4. Nature of Offence	In view of alleged violations of Regulations 19(1) of the Securities Brokers (Licensing and Operations) Regulations, 2016 and Rule 34 of the Securities (Leveraged Markets and Pledging) Rules, 2011 through SCN dated May 21, 2020 and order dated May 05, 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. SAOF of identified client revealed that said client had not authorized any third party to operate her account. Therefore, trading in account of identified client, on the instructions of a third party, as also admitted by Respondent, is contravention of Regulation 19(1) the Regulations. With regard to the violation of Rule 34 of the Rules, it was submitted by the Respondent that it had not deliberately contravened Rule 34 of the Rules. Furthermore, it was contended that respondents believes that allowing trades to the clients based on sufficient securities margins



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	<p>available with the broker, even with debit balances for the shorter periods were the business practices being followed in the capital market, provided it would not charge any Mark-up on debit balances. The said contention is not acceptable and contrary to provisions of the Rule 34 of the Rules. Respondent admitted that it allowed trading to its client despite presence of debit balances. Therefore, contravention of rule 34 of the Rules is evident and cannot be denied.</p> <p>In view of the foregoing and admission made by the Authorized Representatives, contraventions of Regulation 19(1) of the Regulations and Rule 34 of the Rules have been established. Therefore, in terms of powers conferred under section 150(2) of the Act read with sub-section (5) of the Act, a penalty of Rs. 700,000/- (Rupees seven hundred thousand) is hereby imposed on the Respondent. Furthermore, the Respondent is advised to ensure that the requirements contained in the Act and rules &amp; regulations made thereunder, are met in letter and spirit.</p> <p>Penalty order dated May 05, 2021 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A Penalty of Rs. 700,000/- (Rupees seven hundred thousand) was imposed on the respondent company to ensure compliance of law in future.
7. Current Status of Order	No appeal has been filed by the respondent company

Redacted version issued for placement on website of the Commission.