



**Securities and Exchange Commission of Pakistan**  
Securities Market Division  
Public Offering and Regulated Persons Department

No.2(33)SE/SMD/2016

August 21, 2017

Chief Executive Officer,  
AKD Analytics (Pvt.) Limited,  
Room # 512 & 513,  
PSx Building,  
Khayaban-e-Aiwan-e-Iqbal Road,  
Lahore.

Chief Executive Officer,  
AKD Analytics (Pvt.) Limited,  
Suite 605, Continental T  
Block 8, Clifton,  
Karachi.  
Phone:021-35303034

Subject: Order in the matter of Show Cause Notice dated July 14, 2017 under Section 152 of the Securities Act, 2015 read with Regulation 11 of the Securities Broker (Licensing & Operations) Regulations, 2016

Dear Sir,

Please find enclosed herewith a copy of order dated August 21, 2017 in the title matter for your record and necessary action.

Yours truly,

Asima Wajid  
Additional Joint Director (PRPD)

Cc:

- ✓ 1. Pakistan Stock Exchange Limited
2. Central Depository Company of Pakistan Limited
3. National Clearing Company of Pakistan Limited



Securities and Exchange Commission of Pakistan  
Securities Market Division  
Public offering and Regulated Persons Department

*Through Courier*

Before the Commissioner (SMD)

In the matter of Show Cause Notice to AKD Analytics (Pvt.) Limited in terms of Section 152 of the Securities Act, 2015 read with Regulation 11 of the Securities Broker (Licensing & Operations) Regulations, 2016

Date of Hearing	July 27, 2017
Present at the Hearing	1. Mr. Muhammad Imran Afzal (CFO / Company Secretary) 2. Mr. Asghar Ali Anjum (Corporate Manager)
Representing AKD Analytics (Pvt.) Limited Assisting the Commissioner (SMD)	Ms. Asima Wajid Additional Joint Director (SMD-PRPD)

## ORDER

This Order shall dispose of the proceeding initiated through Show Cause Notice dated July 14, 2017 ("SCN") issued to M/s. AKD Analytics (Pvt.) Limited ("**Respondent**") under section 152 of the Securities Act, 2015 (the "**Act**") read with Regulation 11 of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the "**Regulations**").

2. By virtue of promulgation of the Regulations, new regulatory regime was introduced w.e.f. June 30, 2016. AND that in terms of proviso of regulation 3 of the Regulations, Respondent is deemed licensed under section 177 (3) and 178(2)(e) of the Act which are reproduced hereunder:

"177. **Transitional provisions.**

(3) A person who, immediately prior to the commencement of Part V of this Act, is registered as a broker under section 5A of the Securities and Exchange Ordinance, 1969 (XVII of 1969), shall be deemed to be licensed under this Act as a securities broker till the time his existing certificate of registration remains valid and shall thereupon be required to obtain a licence under this Act and such person shall also be allowed to effect transactions in futures contracts until such time as it may be required to obtain a separate licence as a futures broker.

178. **Repeal and savings.**

any licence, certificate or document issued made or granted under any enactment hereby repealed shall be deemed to have been issued, made or granted under this Act and shall, unless cancelled in pursuance of the provision of this Act, continue in force till the date specified in the certificate or document.

3. The licence renewal date of the Respondent was August 25, 2016 as it's existing registration expires on the said date. In order to ensure the smooth transition of new broker regime, the time for submitting the renewal of licence applications for those securities brokers whose renewal was due from June 30, 2016 was extended up till October 31, 2016. Accordingly, the Respondent was required to



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submit its application for renewal of licence as securities broker under the Regulations on or before October 31, 2016. However, the Respondent failed to submit its application for renewal of licence as securities broker within stipulated period. Thus, the licence of the Respondent as a securities broker stood expired with effect from on August 26, 2016. Further, the Pakistan Stock Exchange Limited ("PSX") vide notice dated March 8, 2017 intimated that the trading terminals of the Respondent was suspended prior to integration of exchanges (i.e. January 11, 2016) and further notified the continuation of suspension of trading terminals of the Respondent.

4. In view of the above facts the Respondent, prima facie, was not compliant with the provisions of Regulation 9(1) of the Regulations. Consequently, a SCN dated July 14, 2017 was issued to the Respondent whereby it was called upon to explain as to why the Respondent's, licence as securities broker may not be cancelled in terms of regulation 11(3)(e) of the Regulations. The Respondent submitted the written response to the SCN vide letter dated July 26, 2017. The written response of the Respondent may be summarized as under:

*"We submit that although the Company was registered as a stock broker with the SECP under Section 5A of the Securities and Exchange Ordinance, 1969 but it has not applied for renewal of registration due to the fact that a restriction has been imposed by newly promulgated Securities Brokers (Licensing & Operations) Regulations, 2016 ("the Regulation"). Regulation 4(d) of the Regulations stipulate that the applicant and its sponsors who have controlling interest in any other company holding licence as security broker are not eligible for applying for grant of licence as securities broker. As our sponsor shareholders already hold an indirect interest in another company holding licence as securities broker, therefore, we have not applied for renewal of licence due to the restriction imposed by the Regulations itself.*



*We are of the view that our certificate of registration to act as securities broker was valid only upto August 25, 2016 and we were no more eligible to act as securities broker after expiry of the date mentioned above. Further, we wish to inform you that the company has not been carrying on any brokerage activity and has not opened any trading account till date. We respectfully request you to withdraw the SCN and oblige."*

5. The Respondent was also provided an opportunity of personal hearing. Accordingly, hearing in the matter was held on July 27, 2017 before the undersigned through video link facility from SECP Karachi Office, wherein Mr. Muhammad Imran Afzal, CFO / Company Secretary and Mr. Asghar Ali Anjum, Corporate Manager of the Respondent ("Representatives") appeared before me and reiterated the same stance as submitted via written response. They further submitted that they have no objection if their licence as a securities broker will be canceled.

6. I have analyzed the facts of the case, relevant provisions of the Act and the Regulations and the arguments put forth by the Respondent via written response dated July 26, 2017 and during the course of hearing. I am of the considered opinion that by not applying for renewal of licence the Respondent is non-compliant with the provisions of Regulation 9(1) of the Regulations. Thus, the licence of the Respondent as securities broker stands cancelled in terms of Regulation 11(3)(e) of the Regulations. The Respondent is hereby directed to:

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- (a) Immediately initiate the process for changing the name and Memorandum of Association of the company or winding up of the company as the case may be;
- (b) Surrender the latest certificate of registration as a broker issued by SECP in original to the PSX;

7. Furthermore, in exercise of the powers conferred under section 12, 31 and 55 of the Act, I hereby directed PSX, Central Depository Company of Pakistan Limited (CDCPL), National Clearing Company of Pakistan Limited (NCCPL) that:

**A. PSX shall:**

- a. Immediately suspended the TRE Certificate of the Respondent and proceed further for the cancellation of TREC after following the due process under the applicable regulatory framework;
- b. Obtain the latest Certificate of Registration as broker issued by the SECP to the Respondent in original and send the same to the SECP;

**B. CDC shall:**

- a. Immediately suspended the admission of the Respondent as CDS participant and proceed further for termination of the same after following the due process under the applicable regulatory framework;

**C. NCCPL shall:**

- a. Immediately suspended the admission of the Respondent as Broker Clearing Member and proceed further for termination of the same after following the due process under the applicable regulatory framework;
- b. Immediately close out the outstanding positions of the Respondent, if any and release the excess margins after final determination of loss, if any, under the applicable regulatory framework;

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.



*Alif Saeed*  
Alif Saeed  
Commissioner (SMD)

Announced on August 21, 2017  
Islamabad.