



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

Direction to  
PSX

BA

30/11/17

No.2(33)SE/SMD/2016

November 29, 2017

**Chief Executive Officer,**  
First Pakistan Securities Limited,  
Room # 314, 3rd Floor,  
LSE Building,  
**Lahore.**

**Subject:** Order in the matter of Opportunity of Personal Hearing in terms of Application for Grant of Licence as Securities Broker under the Securities Brokers (Licensing and Operations) Regulations, 2016 (the "Regulations") read with Securities Act, 2015 (the "Act")

Dear Sir,

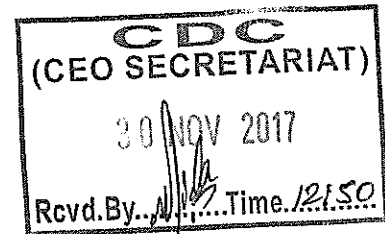
Please find enclosed herewith a copy of order dated November 29, 2017 in the title matter for your record and necessary action.

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



Handwritten signature and date 20/11/17



# 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 Notice of Opportunity of Personal Hearing Issued to First Pakistan Securities Limited in terms of Application for Grant of Licence as Securities Broker under the Securities Brokers (Licensing and Operations) Regulations, 2016 (the "Regulations") read with Securities Act, 2015 (the "Act")

## ORDER

This Order shall dispose of the application of M/s First Pakistan Securities Limited (the "Respondent") for obtaining licence as a securities broker under the Securities Brokers (Licensing and Operations) Regulations, 2016 (the "Regulations") read with Securities Act, 2015 (the "Act").

2. The 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.*

*2.(e) 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 November 11, 2016 as it's existing registration expires on the said date. The PSX submitted the application vide letter dated November 10, 2016 for grant of licence as securities broker to the Respondent for "Trading and Self Clearing" category.

4. While processing the application of the Respondent it has been observed that the Respondent has applied for surrender / relinquishment of its Trading Right Entitlement Certificate ("TREC") to the PSX on March 15, 2017. Accordingly, PSX has suspended / terminated the access of the Respondent to the Trading Terminals on March 15, 2017.

5. In view of the above facts the Respondent, prima facie, was not compliant with the provisions of section 152(1)(b)(iii)&(v) & 152(6)(a) of the Act and regulation 4(b), 8(1)(a) & 9(4) of the Regulations which are reproduced below:



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*"152. Other circumstances for disciplinary action in respect of licensed persons.—(1) ..... the Commission may cancel the licence, whether in relation to all or any of the activities for which he is licensed, or suspend his licence, whether in relation to all or any of the activities for which he is licensed, for such period or until the occurrence of such event as the Commission may specify, if....."*

- (b) where the regulated person is a company, .....*
- (iii) the company ceases to carry on the business for which it is licensed; .....*
- (v) the company contravenes or fails to comply with any condition applicable in respect of the licence; .....*

*(6) For the purposes of sub-clause (vi) of clause (a) and sub-clause (iii) of clause (b) of sub-section (1), a licensed person shall be deemed to have ceased to carry on the business for which he is licensed if :-*

- (a) he has for more than thirty days ceased to carry on the business for which he is licensed unless he has obtained prior approval of the Commission to do so; .....*

*4. Eligibility criteria for licensing of a securities broker.- Subject to compliance with the provisions of the Act, a company may apply to the Commission for licence as a securities broker under any one of the categories specified in sub-regulation (2) of regulation 5, if-*

- (a) .....*
- (b) the applicant holds a valid TRE certificate issued in its name; .....*

*8. Grant of licence.- (1) The Commission, while considering the application for granting a licence, shall inter-alia take into account the following matters,-*

- (a) that the applicant meets the requirements of the Act and these regulations; .....*

*9. Renewal of licence.- .....*

*(4) The Commission upon being satisfied that the applicant continues to meet the requirements for licensing, is in compliance with the provisions of the Act, rules, regulations and any directives/guidelines/codes issued thereunder and it is in the public interest and interest of the capital market, shall renew the licence for one year and issue a certificate of renewal of licence to the applicant in the Form D....."*

6. Consequently, a notice dated November 14, 2017 was issued to the Respondent to explain as to why the Respondent's application for grant of licence as securities broker may not be refused. Furthermore, the Respondent was provided the opportunity of personal hearing on November 22, 2017. The Respondent submitted a written response to the notice on November 17, 2017 and have not availed the opportunity of personal hearing. The written response of the Respondent is summarized as under:

*"We have voluntarily surrender the TREC to PSX and understand that application for renewal of our brokerage licence has become redundant and accordingly withdrawn."*



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7. Based on the foregoing, it is evident that the Respondent is not in compliance with the provisions of section 152(1)(b)(iii)&(v) & 152(6)(a) of the Act and regulation 4(b), 8(1)(a) & 9(4) of the Regulations. 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 November 21, 2017. I am of the considered opinion that the Respondent's application for grant of licence as securities broker has been found noncompliant with the provisions of the Regulations read with the Act. Hence, Respondent's application for grant of licence as securities broker cannot be processed therefore refused in terms of regulation 10 of the Regulations. The Respondent is hereby directed to:

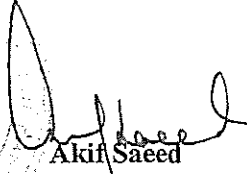
(a) Immediately initiate the process for changing the name and Memorandum of Association of the company or winding up of the company as the case may be.

8. Furthermore, in exercise of the powers conferred under section 12 of the Act, I hereby directed PSX that:

**PSX shall:**

(a) Ensure the strict compliance of all the procedures and requirements for surrender / relinquish of TREC of the Respondent as provided under the applicable regulatory framework.

9. 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 November 29, 2017  
Islamabad.