



Securities and Exchange Commission of Pakistan

BEFORE APPELLATE BENCH NO. I

In the matter of

Appeal No. 24 of 2010

Azee Securities (Pvt.) Limited Appellant

Versus

Director (SMD)

Securities and Exchange Commission of Pakistan Respondent

ORDER

Date of hearing 16/01/15

Present:

For the Appellant:

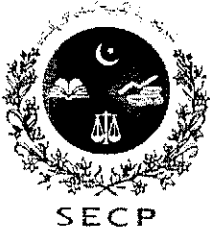
Mr. Faisal Latif, FCA

Mr. Ghazi Naseem

Department representatives:

Mr. Amir Saleem, Deputy Director (SMD)

Ms. Tayyaba Nisar, Assistant Director (SMD)



Securities and Exchange Commission of Pakistan

1. This order shall dispose of appeal No. 24 of 2010 filed under section 33 of the Securities and Exchange Commission of Pakistan (the "Commission") Act, 1997 against the order dated 19/03/10 (the "Impugned Order") passed by the Respondent.
2. Facts leading to the case are that on perusal of trading data of Karachi Stock Exchange ("KSE") from July 2009 to October 2009 it was noted that different clients of the Appellant had engaged in first selling and squaring up of positions in different scrip's. The trading data of the aforementioned period showed that the Appellant first sold and then squared up 4,557,030 shares of 16 clients in 24 scrip's through 81 instances. After further correspondence with the Appellant it transpired that the said trades were executed without any pre-existing interest in the shares.
3. Show cause notice ("SCN") was issued to the Appellant under section 22 of the Securities and Exchange Ordinance, 1969 (the "Ordinance") and the Brokers and Agent Registration Rules, 2001 (the "Rules") stating that the Appellant had prima facie contravened clause A (2) and A (5) of the Code of Conduct set under the Third Schedule of the Rules. The Appellant responded to the SCN and hearing in the matter was held. The Respondent, dissatisfied with the response of the Appellant, established that the Appellant had placed short sales in its clients' behalf without fulfilling prerequisites of the Regulations for Short-Selling under Ready Market, 2002 (the "Regulations") which in turn is violation of clause A (2) and A (5) of the Code of Conduct set under the Third Schedule of the Rules. The Respondent passed the Impugned Order and imposed a penalty of Rs. 1,000,000 on the Appellant under section 22 of the Ordinance.



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4. The Appellant preferred the instant appeal against the Impugned Order. The Appellant's representative argued that the Appellant has complied with the law since the Impugned Order has been passed. The Appellant's representative admitted the Appellant's mistake and prayed that lenient view may be taken in the case and the harsh penalty may be set aside
5. The departmental representative averred that lenient view has already been taken as the violation was serious and repetitive and the Respondent did not suspend the license of the Appellant but instead imposed penalty which commensurate with the offence committed.
6. We have heard the parties. The Appellant has admitted the violation and has accepted the responsibility. The Commission is bound to protect the interest of the investor and in doing so it has been empowered to deal with elements which effect the smooth and fair functioning of the stock exchange. The Respondent could have suspended the license of the Appellant under rule 8 of the Brokers Rules; however, a lenient view has already been taken by imposing penalty instead.

In view of the above, we see no reason to interfere with the Impugned Order the appeal is dismissed with no order as to cost.

Tahir Mahmood
Commissioner (CLD)

Fida Hussain Samoo
Commissioner (Insurance)

Announced on: **20 JAN 2015**