



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

SECP

No. 1 (01)/Wash/KSE/MSW/SMD/2009 /15

Through Courier
December 22, 2011

The Chief Executive,
ACE Securities (Pvt.) Limited,
Palm Beach Homes,
Ground Floor,
Marine Drive,
Karachi.

Subject: **WARNING WITH RESPECT TO WASH TRADES IN VARIOUS SCRIP**

Dear Sir,

This is with reference to your letter dated December 02, 2011 in response to our letter of even number dated November 23, 2011 in respect of evidence for change of beneficial ownership in different scrips.

2. In your reply, you have claimed that the beneficial ownership in the subject case was changed because trades were held between two different accounts wherein Ms. Noor Jahan was only a joint account holder. In this regard please note that the explanation in your aforementioned letter does not provide sufficient justification for execution of the wash trades in your client's account as the subject trades were wash trades since Ms. Noor Jahan was beneficial owner in both accounts.

3. Please note that the Code of Conduct set forth under the third schedule of the Brokers and Agents Registration Rules, 2001 ("the Rules"), makes it binding on the brokers of the exchanges to conduct their business with due diligence, care and skill failing which appropriate action can be taken against the broker under Rule 8 (a) and (b) of the Rules. Moreover, please note that a broker is responsible of each and every trade executed through its terminal and execution of trade in the wrong client code does not absolve the broker from its responsibilities.

4. The execution of wash trades in various scrip in your client's accounts through your terminal does not depict that you conducted your business with due care and skill which is a violation of the Code of Conduct. However, on this occasion taking a lenient view you are strictly warned to abstain from trading in such manner in future failing which appropriate action will be taken against you.

Yours truly,

(Imfan Inayat Butt)
Director /HOD (MSCID)

o/c

Copy to: Managing Director, Karachi Stock Exchange (G) Limited, Karachi Stock Exchange
Building, Karachi.