



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

(Securities Market Division)

Market Supervision & Capital Issues Department

No. 1(07) BS/KSE/MSW/SMD/2009

December 21, 2011

The Chief Executive,
Progressive Securities (Pvt.) Ltd,
Room No.520, Stock Exchange Building,
19-Khayaban-e-Aiwan-e-Iqbal,
Lahore.

Subject: Pre-Existing Interest in the scrip of National Bank of Pakistan Limited ("NBP") and Fauji Fertilizer Bin Qasim Limited ("FFBL")

Dear Sir,

This is with reference to your letter dated December 7, 2011 and December 14, 2011 in response to the Commission's letter of even number dated November 30, 2011 and December 13, 2011 respectively on the subject noted above.

2. In this regard, please note that the explanation provided by you in the aforementioned letters show that your client did not have pre-existing interest in the shares of NBP and FFBL before sale on October 17, 2011 and October 27, 2011 respectively. Moreover, delivery of the said shares in CDC Accounts of your brokerage house cannot be taken as client's pre-existing interest in the shares. In this regard, it was also observed that no error was reported by your brokerage house to the exchange and the sale and subsequent purchase of said shares is appearing in the client's ledger statement.

3. 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.

4. The execution of sale in the scrip of NBP and FFBL in the client's accounts through your brokerage house without pre-existing interest is a serious lapse on the part of your brokerage

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house. Moreover, merely acknowledging and regretting your mistake does not absolve you from the adverse consequences of the said violation.

5. The said practice by your brokerage house depicts that you have failed to conduct your business with due care and skill as required in the Code of Conduct. However, on this occasion, taking a lenient view on the basis of your acknowledgement of the said violation and assurance to avoid such practice in future, you are being strictly warned from trading in such manner in future failing which appropriate action will be taken.

Yours sincerely,

(Imran Inayat Butt)

Director/ HOD (MSCI)

CC: Managing Director,
Lahore Stock Exchange (Guarantee) Limited,
Room No.520, Stock Exchange Building,
19-Khayaban-e-Aiwan-e-Iqbal,
Lahore.