



Press Release

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For immediate release

SECP action against non-compliant market participants

ISLAMABAD, January 7: In order to ensure an efficient securities market the Securities Market Division of the SECP took enforcement actions against several market participants for non-compliance with regulatory framework during the last quarter (October-December).

Pursuant to the on-site inspections of the brokerage houses of the Karachi Stock Exchange Limited (KSE), enforcement actions were initiated against a number of brokers. Penalties were imposed on Global Securities Pakistan Limited, Invest and Finance Securities Limited, Seven Star Securities (Private) Limited and Alfa Adhi Securities (Private) Limited on account of failure to maintain proper segregation of clients' assets; improper books of accounts; failure to have proper Know Your Customer and Customer Due Diligence Policy in place and imposing late payment charges to their clients.

An order against WE Financial Services Limited was issued with the warning to strictly maintain segregation of clients' assets. Warnings were also issued to MH Securities (Private) Limited and Cedar Capital (Private) limited for non-compliances identified as a result of inspection. Additionally the brokers were required to provide additional information on cutoff dates to substantiate their claims of maintaining segregation of clients' assets.

An order was also issued for the recovery of tenderable gain to the director of listed company and 13 orders penalizing director/beneficial owner of 4 listed companies under section 224(4) of the 1984 Companies Ordinance for late filing of returns of beneficial ownership were issued. Moreover, 10 warning letters were issued to the directors/beneficial owners of 10 listed companies for late filing of returns of beneficial ownership and 5 warnings were issued to the listed companies for late filing of annual returns.

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