



Press Release

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For immediate release

SECP actions against non-compliant market participants

ISLAMABAD, October 3, 2014: The Securities & Exchange Commission of Pakistan has endeavored to continue its efforts for the development of transparent and efficient stock market by ensuring investors' protection and strengthening the enforcement procedures. Accordingly, Securities Market Division of SECP took enforcement actions and penalized the market participants for violations of the regulatory framework during July till September 2014.

Pursuant to the on-site inspections of the brokerage houses of the Karachi Stock Exchange Limited, enforcement actions were taken and penalties were imposed on various brokerage houses. On account of the regulatory non-compliances such as failure to maintain segregation of clients' assets; improper books of accounts; imposing late payment charges to clients and failure to have Know Your Customer and Customer Due Diligence Policy etc, penalty of Rs. 100,000 each was imposed on Standard Capital Securities Ltd and Arif Habib Ltd, penalty of Rs 50,000 each was imposed on FDM Capital Securities Ltd and Elixir Securities Pakistan Ltd and penalty of Rs. 25,000 each was imposed on Sunrise Capital Ltd, Friendly Securities Ltd and H.P. Byramji & Co Ltd. A warning letter in the same context was issued to SAOO Capital Ltd.

Aslam Malik & Co, Chartered Accountants was penalized for not issuing the Net Capital Balance Certificate in accordance with the Securities and Exchange Rules, 1971 and the guidelines issued by the Commission.

Application of Aurum Commodities (Private) Limited for grant of certificate of registration under Commodity Exchange and Futures Contract Rules, 2005 was rejected because of misrepresentation of facts by CEO / major shareholder of the company. Three orders under section 224(4) of the Companies Ordinance, 1984 were issued for recovery of tenderable gain. Furthermore, a director of a listed company was penalized for late filing of returns of beneficial ownership. Warning letters to 23 directors/beneficial owners of 11 listed companies were issued in the same context.

To promote and develop the capital market, SECP granted approval to Engro Powergen Qadirpur Ltd, Saif Power Ltd and Oil & Gas Development Company Ltd to issue, circulate and publish the offer for sale documents. During the period July till September 2014, 24 complaints pertaining to listed companies and 6 complaints pertaining to investors of the stock market were resolved.

Copies of all the enforcement actions are available on www.secp.gov.pk/orders.

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