

Aug. 01, 2003

**Securities and Exchange Commission of Pakistan (SEC)
Initiates action against so-called International Brokerage
Companies.**

A trend has emerged to set up so-called “ International Brokerage Companies” by incorporating the same under the company law. These businesses purportedly dealing in securities are involved in soliciting clientele from the public, collecting deposits and utilizing the same in various investments through Principals outside the territorial jurisdiction of Pakistan. Generally, such businesses claim to be agents of principals residing and/or incorporated in foreign countries. The types of investments being advertised and offered include securities, currency trading, futures currency trading, money markets, securities’ index trading, commodity futures, options, bonds, etc. the modus operandi adopted by these companies is that individuals desirous of dealing in future market or foreign commodities and precious metals have to deposit in foreign exchange a sum of money as margin deposit with these companies. Through the communication services the client makes a deal/transaction or takes a position on currencies or commodities with the Principals abroad without involving actual delivery of foreign exchange/commodities. The difference between sale/purchase price is settled through the margin account and, in case of loss, the margin is replenished by the client.

The Commission received complaints about such entities/individuals claiming to be agents of the International brokerage houses and it was reported that the public is motivated to make investments mainly in international currencies and commodities through the Internet. It is revealed that the so-called brokerage houses to which such companies project themselves as agents are neither members of any stock exchange nor are registered with SEC as broker or agents. The reported activities of so-called international brokerage companies pose a serious threat to the investors because these companies are allegedly engaged in such activities without any legal authority and regulatory framework.

On receipt of reports from different circles about the involvement of such companies in dubious activities, the Commission took a serious note of such unauthorized activities of so-called International Brokerage Houses and as a first step, in order to protect the general public as well as to create awareness, published public notices in the media so as to caution the general public that such brokers have no legal cover and chances of seeking relief or upholding their rights are improbable as in most cases, these un-scrupulous dealers, after grabbing the savings of innocent public may go in to hiding. The public was advised to ensure that stock brokers/agents they choose to work were duly registered/licensed by the SEC. It was also highlighted that these so called brokers are not authorized to take deposits.

The Commission deducted 39 illegal brokerage companies through undisclosed visits of the officers of the Commission and on the basis of complaints received consequent to SECs’ advertisements.

The activities of these companies have been a subject of discussion with the State Bank of Pakistan and it was concluded that such activities are not allowed in other countries as well and hence be treated as illegal in Pakistan. It has been decided to adopt a coordinated strategy by the SEC and SBP to deal with the issue. Further, it has also been decided that SEC would take necessary action against incorporated unauthorized houses and members of the stock exchanges who are involved in such businesses while SBP would take action against the remaining entities under the Banking Companies Ordinance.

Accordingly, show cause notices under section 309 of the Companies Ordinance 1984 have been issued to 10 companies for doing activities ultra-vires to the Memorandum of Association and necessary decision in the matter of 2 companies has been taken, while the remaining 8 cases are waiting for personal hearings as envisaged by the law. The Commission is collecting the information about these 39 companies (list attached) and if it is proved that these companies are engaged in these activities similar action will be taken against them.

LIST OF INTERNATIONAL BROKERAGE HOUSES IN PAKISTAN

Incorporated Companies

1.	LEADER FOREX (PVT) LTD	5-A, SHERSHAH BLOCK NEW GARDEN TOWN, LAHORE
2.	AGLAM GLOBAL LINKS (PVT) LTD	ISLAMABAD PUBLICATION (PVT) LTD 9-HAMEED CHAMBER, AABPARA ISLAMABAD
3.	MULTIFOREX INTERNATIONAL (PVT) LTD	1ST FLOOR RAZIA SHAREEF PLAZA 92-JINNAH AVENUE BLUE AREA ISLAMABAD
4.	PACIFIC RESOURCES (PVT) LTD	65 EAST PAKPAVILIONS FAZAL-E-HAQ ROAD ISLAMABAD
5.	INTERCOMEX FINANCIAL DATA SERVICES (PVT) LTD	BASEMENT, JALIL CENTRE ABDALI ROAD MULTAN
6.	UNIVERSAL RESOURCES (PVT) LTD	18-A RIPPLE PLAZA 1ST FLOOR PEOPLES COLONY FAISALABAD
7.	MADINA ENTERPRISES (PVT) LTD	JHANG ROAD, FAISALABAD
8.	FOREX MANAGEMENT & CONSULTANT (PVT) LTD	KAWISH CROWN, OFFICE # 201-205 PLOT 7&8, DARUL AMAN COOPRATIVE SOCIETY KARACHI
9.	HILINKS PAK (PVT) LTD	KARACHI
10.	ROUF INT'L ADVISORY SERVICES (PVT) LTD	43-L 1ST FLOOR, GULBERG II LAHORE
11.	WHITE HOUSE SECURITIES (PVT) LTD	2ND FLOOR SUITE – 207, BLOCK 9 THE PLAZA, CLIFTON, KARACHI
12.	GLONEX (PVT) LTD	6 – H, GULBERG HIGHTS, GULBERG II, LAHORE
13.	OFFSHORE GLOBAL MANAGEMENT (PVT) LTD	1ST FLOOR, UPPER VALUE MART KAREEM BLOCK, A IQBAL TOWN OGM. HOUSE 56/12 COMMERCIAL ZONE LAHORE
14.	APEX SERVICES (PVT) LTD	1ST FLOOR BLOCK-9, CLIFTON THE FORUM, PLOT G-10 ROOM # 101-102 KARACHI.
15.	WORLD BUSINESS CONSULTANT (PVT) LTD	3RD FLOOR, KALMACHOWN MAIN BELEVARD, GULBERG, COUNTRY PLAZA LAHORE.
16.	BULLS AND BEARS (PVT.) LIMITED	2ND FLOOR, AZMAT HOUSE, 32-DAVIS ROAD, LAHORE
17.	NOBLE MANAGEMENT CONSULTANTS (PVT.) LIMITED	67-B 1ST FLOOR, AL-HAFEEZ CENTRE, GULBERG-III LAHORE
18.	SERVICES INTERNATIONAL (PVT.) LIMITED	2/3 ISHTIAQ PLAZA, COLLEGE ROAD, SARGODHA

19.	OFFSHORE GLOBAL MANAGEMENT (PVT.) LIMITED	56/12 COMMERCIAL ZONE UPPER VALUE MART STORE, KARIM BLOCK, ALLAMA IQBAL TOWN, LAHORE.
20.	UNITED BROKERAGE CONSULTANT (PVT.) LIMITED	2ND FLOOR, INAYAT ARCADE, 5-PAK BLOCK, MAIN BOULEVARD, ALLAMA IQBAL TOWN, LAHORE
21.	FUTURE TRADING ADVISERS (PVT.) LIMITED	13-COMMERCIAL ZONE, KARIM BLOCK, ALLAMA IQBAL TOWN, LAHORE
22.	PINDEX (PVT.) LIMITED	95-ABID MAJID ROAD, LAHORE CANTT
23.	FOREX LINKS (PVT) LTD	HOUSE NO. 15, ROBERT'S ROAD, NEELA GUMBAD, LAHORE.
24.	WALL STREET SECURITIES (PVT.) LIMITED	GROUND FLOOR, PALM BEACH HOMES, MARINE DRIVE, CLIFTON BLOCK-2, KARACHI
25.	TRADE & BROKERAGE (PVT) LTD	A-140, BLOCK L, NORTH NAZIMABAD, KARACHI
26.	CFC GLOBAL (PVT) LTD	A-602, 6TH FLOOR, AMBER TOWER, BLOCK-6, PECHS, KARACHI.
27.	HARVEST INTERNATIONAL (PVT) LTD.	EL-BEENA COMMERCIAL CENTRE, BC-11, BLOCK 5, CLIFTON, KARACHI.
28.	INTERCOMEX FINANCIAL DATA SERVICES (PVT) LTD	GROUND FLOOR AFTAB CENTRE DAVIS ROAD, LAHORE
29.	DAXING INTERNATIONAL (PVT) LTD.	1 CANAL PARK GULBERG II LAHORE. 51 TRUST PLAZA, GT ROAD GUJRANAWALA
30.	GLOBAL LINKS (PVT) LTD	15-H GULBERGII, LAHORE
31.	INTERTRADE INTELLIGENCE COMM. (PVT) LTD	21/E-1 GULBERG III, LAHORE
32.	MULTIFOREX INTERNATIONAL (PVT) LTD	MULTIFOREX, BANK ROAD, RAWALPINDI
33.	TYCOONS'S INTERNATIONAL (PVT) LTD	1629/B GHAFAR PLAZA MULTAN CANTT, MULTAN
34.	INTERNATIONAL FINANCIAL CONSULTANTS (PVT) LTD	1ST FLOOR JANS SHOPPING ARCADE ISLAMIA ROAD, PESHAWAR
35.	TOPWORTH EQUITY INTERNATIONAL (PVT) LTD	FRONTIER CONSTABULARY BUILDING NEAR SONEHRI MOSQUE, PESHAWAR
36.	CREDIT MANHATTAN SECURITIES (PVT) LTD	R#516, KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED BUILDING, STOCK EXCHANGE ROAD, KARACHI..
37.	SERVICES INTERNATIONAL (PVT) LTD	2ND FLOOR MAIN BOULEVARD GULBERG III, SSUIT # 7 CENTRE POINT, LAHORE 1STT FLOOR LAMSY ARCADE PESHAWAR CANTT, PESHAWAR
38.	TRADE STATION SECURITIES (PVT) LTD	2ND FLOOR JAIL ROAD 89-C, LAHORE
39.	AGLAM GLOBAL LINKS	1ST FLOOR BASHEER PLAZA ADAMJEE ROAD OPP. OLD GTS BUS STOP

		RAWALPINDI
--	--	------------