



***PRESS RELEASE***  
***FOR IMMEDIATE RELEASE***

**SECP SUSPENDS REGISTRATION OF FIVE BROKERAGE HOUSES**

**ISLAMABAD – JUNE 29, 2009:** The Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers under the Broker and Agents Registration Rules, 2001, has suspended the registration of five brokerage houses on charges of non-compliance with the various provisions of the Broker and Agents Registration Rules, 2001 pertaining to investor rights.

The registration of the following brokerage houses will remain suspended, in the public interest and for the protection of investors and to preserve capital market integrity, till claims against them in light of the investors complaints could be ascertained and settled:

1. Eastern Capital
2. Prudential Securities
3. Cliktrade Limited
4. MKA Securities
5. Capital One Securities

An impartial enquiry into the business affairs of these brokerage houses will be conducted to ascertain the quantum and geniuses of investors' complaints, in accordance with law.

SECP has introduced a number of capital market reforms over the past years aimed at providing increased investor protection and minimization of manipulative elements in the market. However, during the recent past, SECP as well as the Karachi Stock Exchange (KSE) received substantial number of investor complaints/ claims, majority of which pertained to non-transfer of shares to the investors' CDC Accounts and non-payment of funds, which can be attributed to the unauthorized pledge/ transfer of securities by some of the stock brokers.



## Securities and Exchange Commission of Pakistan

### Internal & External Communications Department

---

Taking cognizance of the matter, SECP advised these brokers to expedite resolution of pending investor complaints/ claims and issued instructions for the immediate transfer of clients' shares to their respective CDC account. Furthermore, SECP advised KSE in its capacity as the front-line regulator to submit a concrete proposal for the efficient and equitable resolution of unresolved investors' complaints/claims.

In the meanwhile, SECP in the public interest and for the protection of investors imposed restrictions on opening of new CDC sub-accounts and registration of new UINs by these brokerage houses. This restriction was however immediately removed for those brokerage houses who were able to resolve all pending investor claims/complaints registered against them.

Further, in order to inculcate good governance in business conduct of brokers and for safeguarding the interests of investors, SECP in coordination with the relevant stakeholders introduced standardized sub-account opening form at CDC and imposed prohibition on all general purpose/ blanket authorities for handling book-entry securities of clients by the broker to curb any misuse and safeguard the interest of the investors as well as of the participants.

Taking into consideration that no concrete steps were taken by these brokers despite ample time granted, SECP issued notices to the abovementioned five brokerage houses and provided them with another opportunity of representation before the Commission on June 25, 2009. However, when these brokerage houses failed to put forth any concrete time-bound action plans and take tangible measures for the resolution of outstanding investors' claims, then SECP, using its regulatory powers, issued orders for the suspension of registration of the above mentioned brokers.

SECP reiterates its commitment to continue providing regulatory framework and taking enforcement actions for the protection of investors, curbing market abuse and preserving capital market integrity.

**Imran Ghaznavi**

**Head of Internal & External Communications/Official Spokesman**