

SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
SECURITIES MARKET DIVISION
Market Supervision & Registration Department
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Before the Director/HOD (MSRD)

**In the matter of Renewal of Registration of M/s. Diyanah Islamic Financial Services (Pvt.)
Ltd. as a Broker under the Brokers and Agents Registration Rules, 2001**

Date of Hearing:

December 19, 2013

Present at the Hearing:

*Representing Diyanah Islamic Financial
Services (Private) Limited:*

Mr. Khaleel Mujeeb Ur Rehman

Chief Executive Officer
Diyanah Islamic Financial Services (Pvt.) Ltd.

Assisting the Director/HOD(MSRD):

- i). Mr. Hasnat Ahmad
- ii). Ms. Asima Wajid

Director (MSR D)
Deputy Director (MSR D)

ORDER

1. This Order shall dispose of the application of Diyanah Islamic Financial Services (Private) Limited ("**Company**") TREC holder of the Islamabad Stock Exchange ("**ISE**") for renewal of certificate of registration as a broker under the Brokers and Agents Registration Rules, 2001 ("**the Rules**"), forwarded by the ISE to the Securities and Exchange Commission of Pakistan ("**Commission**").

2. Detailed scrutiny of the information/documents attached with the application for renewal of certificate of registration revealed that Mr. Khalid Waheed was a Sponsor and major Shareholder of the Company as Mr. Khalid Waheed and his family held 83% shares of the Company. 65% shares of the Company were held by Mr. Waheed and his spouse and the rest 18% shares were held by his parents and brothers. It is pertinent to mention here that Mr. Khalid Waheed was the Chief Executive Officer of Hum Securities Limited (Ex-TREC holder of the Karachi Stock Exchange) which failed to meet its obligations towards the investors and all the investor's claims against Hum Securities Limited and/or Mr. Waheed were still outstanding despite Commission's orders and instructions.

3. In order to decide the matter on merit, an opportunity of hearing was provided to the Company in terms of Rule 5(4) of the Rules to appear and argue its case on December 19, 2013. Mr. Khaleel Mujeeb Ur Rehman ("**Representative**") appeared on behalf of the Company on the said date of hearing. The Commission's concerns regarding failure of the sponsor/major



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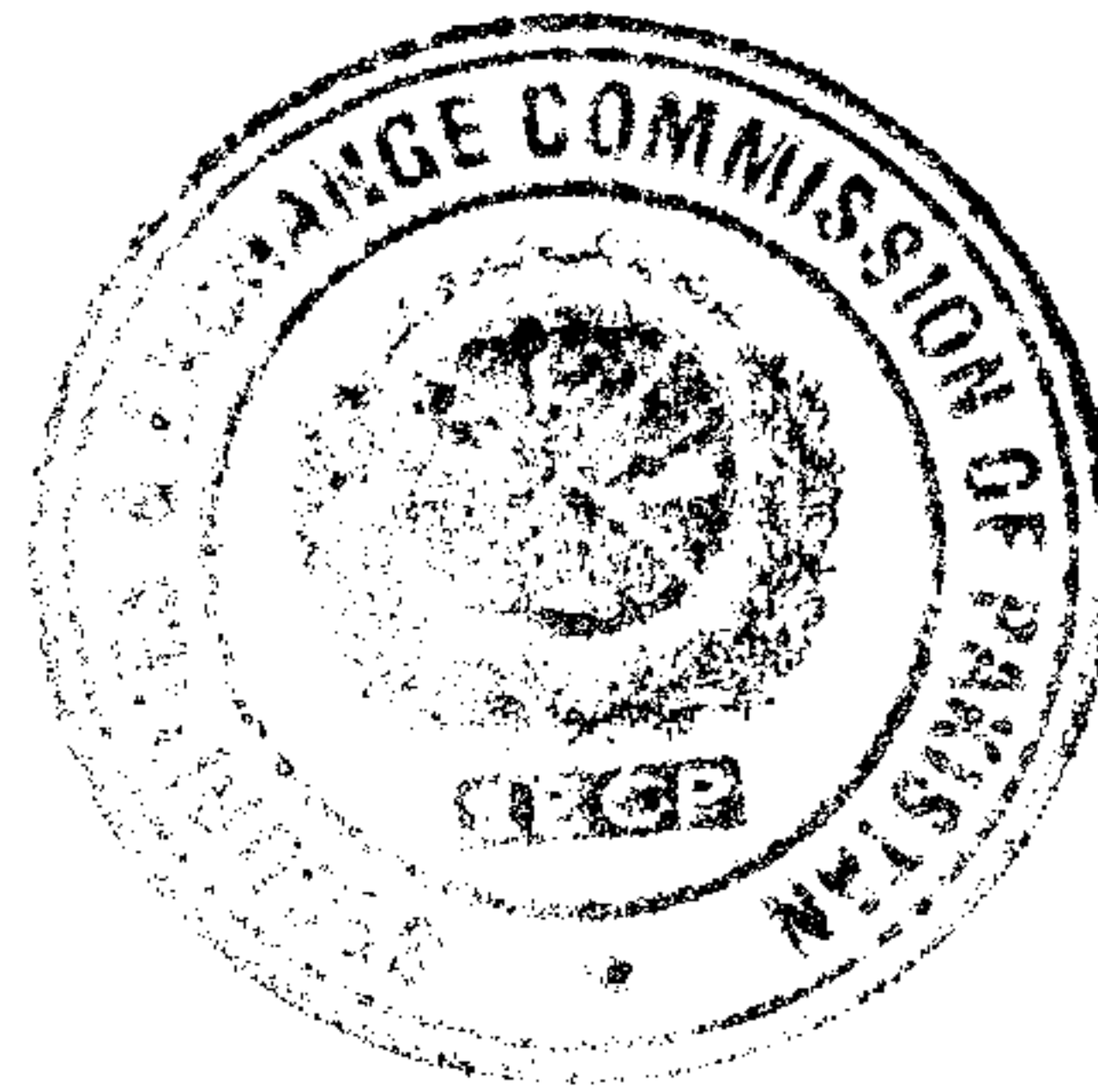
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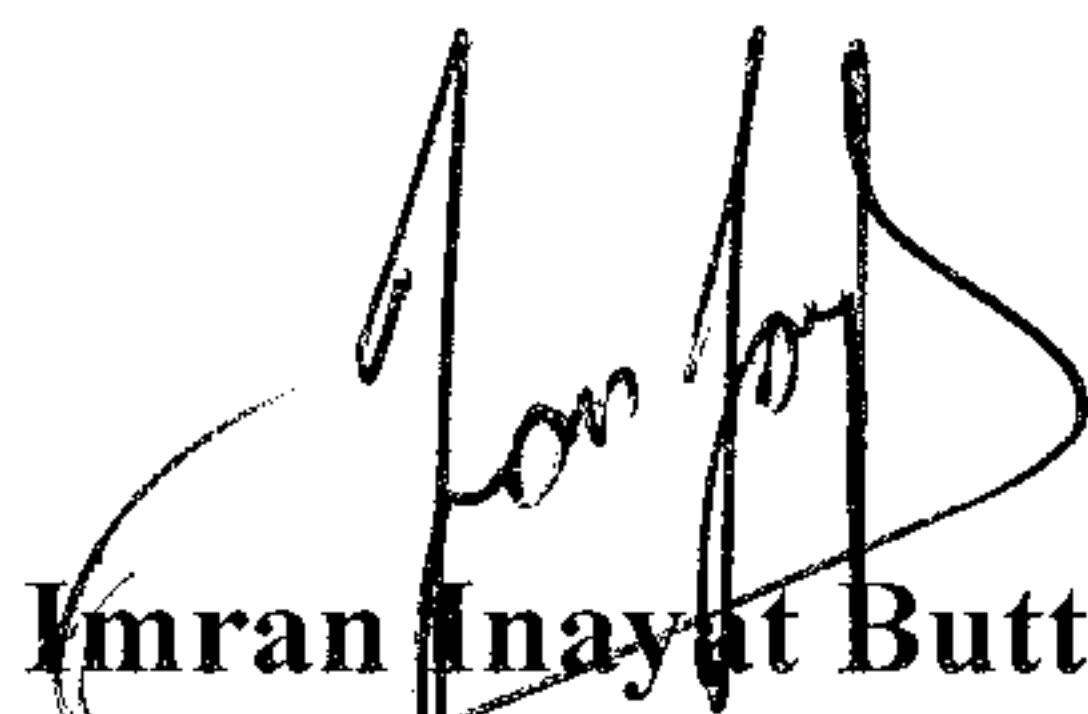
shareholder of the Company to settle the investor complaints while acting as Chief Executive Officer of Hum Securities Limited were fully explained to the Representative during the course of hearing. The Representative informed that shareholding pattern of the Company has been changed and now the shareholding of Mr. Waheed and his family in the Company was reduced to 52%. Being not agreed with the arguments of the Representative, he was informed that the major shareholding of the Company is still held by Mr. Waheed and his family who failed to meet his obligations towards the investors.

4. The Representative was further apprised that as per Rule 4(1)(L) of the Rules, a person would only be eligible for registration as a broker if he was not in default on settlement of the investor complaints and as per Rule 4(1)(m) of the Rules, he should have complied with the directives of the Commission in respect of business conduct, dealings with clients and financial prudence. Further, as per Code of Conduct specified in Third Schedule under Rule 8(iv) and Rule 12 of the Rules, the broker was required to maintain high standards of integrity, promptitude and fairness in the conduct of its business and should not have indulged in dishonorable, disgraceful, disorderly or improper conduct on the stock exchange.

5. In the instant case the control of the Company was held by a person who failed to abide by the Code of Conduct for brokers and failed to settle the investor's claims. Such a situation creates serious doubts about the credibility and integrity of the Company and leads the Commission to believe that continuation of operations of the Company will harm the interest of the stock market in general and investors in particular.

6. In view of the Commission's concerns regarding the Company highlighted above, I am of the considered view that allowing the Company to undertake securities business is not in the interest of general public and the capital markets; hence the Company is not eligible for renewal of registration as a broker. **Thus, the application of the Company for renewal of Certificate of Registration as a broker under the Rules cannot be processed, hence refused in terms of Rule 5(5) of the Rules and the Certificate of Registration of the Company stands cancelled.**




Imran Inayat Butt
Director/HOD (MSRD)

Announced on **December 31, 2013**
Islamabad.