



**Securities and Exchange Commission of Pakistan**  
**Securities Market Division**  
**Market Supervision & Registration Department**

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No. 4(BRL-152)SE/SMD/2008

January 9, 2015

**Chief Executive Officer,**  
M/s. F.M Securities (Pvt.) Ltd.,  
TREC Holder-Lahore Stock Exchange Limited,  
Room No. 419, 4<sup>th</sup> Floor, LSE Building,  
19-Khayaban-e-Aiwan-e-Iqbal,  
Lahore.

**Subject: ORDER DATED FEBRUARY 10, 2015 ISSUED TO F.M SECURITIES (PRIVATE) LIMITED**

Dear Sir,

Please find enclosed herewith copy of order dated February 10, 2015 passed by the Director/HOD (Market Supervision and Registration Department) on the above mentioned subject for compliance.

Yours sincerely,

**Asima Wajid**  
Deputy Director (MSRD)

Cc:

- i). The Chief Regulatory Officer, Karachi Stock Exchange Limited.
- ii). The Chief Regulatory Officer (Acting), Lahore Stock Exchange Limited.
- iii). The Chief Regulatory Officer, Islamabad Stock Exchange Limited.



Securities and Exchange Commission of Pakistan  
Securities Market Division  
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Through Courier

Before The Director / HOD (MSRD)

In the matter of Show Cause Notice issued to F.M Securities (Pvt.) Ltd. under Section 22  
of the Securities and Exchange Ordinance, 1969 read with Rule 8 of the Brokers and  
Agents Registration Rules, 2001

*Date of Hearing:*

*January 23, 2015*

*Present at the Hearing:*

*Representing F.M Securities (Private) Limited*

*i. Mr. Fakhar Mirza*

*Chief Executive Officer*

*Assisting the Director/HOD (MSRD)*

*i. Ms. Asima Wajid*

*Deputy Director*

**ORDER**

1. This Order shall dispose of the proceedings initiated through Show Cause Notice bearing No. (BRL-152)/SE/SMD/2008 dated January 9, 2015 (“SCN”) issued to F.M Securities (Private) Limited (“**the Respondent**”) under Section 22 of the Securities and Exchange Ordinance, 1969 (“**the Ordinance**”) read with Rule 8 of the Brokers and Agents Registration Rules, 2001 (“**the Broker Rules**”).

2. Brief facts of the case are that the Respondent is a Trading Right Entitlement Certificate holder of Lahore Stock Exchange Limited (“**the LSE**”) and is registered with the Securities & Exchange Commission of Pakistan (“**the Commission**”) as a broker under the Broker Rules. The Commission received a complaint from Mr. Murtaza Maqsood Lari (“**the Complainant**”) alleging that he bought 1,000 shares of DG Khan Cement Limited and 1,000 shares of Jahangir Siddiqi Company Limited in the year 2010 through the Respondent and subsequently sold these shares on November 6, 2014. However, during the period of four years, his aforesaid shares have never been transferred in his CDC sub-account No. 1362. In this regard the Complainant provided the ledger statements dated August 5, 2010, August 23,







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2010 and November 6, 2014 issued by the Respondent which confirmed that the Complainant bought the aforesaid shares. Furthermore, the account activity report of the sub-account of the Complainant maintained under the Participant ID of the Respondent ascertained from Central Depository Company of Pakistan Limited (“CDC”) has shown that no such holding has ever been transferred into the CDC sub-account of the Complainant.

3. The Respondent vide letter dated December 18, 2014 was asked to clarify its position as to why the said shares were not kept into the Complainant’s CDC account. However, the Respondent failed to provide any cogent reason in this regard. In accordance with Regulation 41 (1)(b) of the General Regulations of the LSE (“the Regulations”), the Respondent was required to keep the securities bought for the Complainant in his CDC sub-account maintained under the Participant ID of the Respondent. Moreover, Condition 7(a) of the Special Terms and Conditions of the Standardized Account Opening Form (“SAOF”) annexed in the Regulations provides that the Respondent was responsible to ensure the delivery of CDC eligible securities in the CDC account of the Complainant subject to full payment by the Complainant. Therefore, the SCN was issued to the Respondent under Section 22 of the Ordinance read with Rule 8 of the Broker Rules for *prima facie* contravention of the Regulations and Condition 7 of the SAOF.

4. Hearing in the matter of aforesaid SCN was scheduled for January 23, 2015 at the Commission Office, Islamabad which was attended by Mr. Fakhar Mirza, Chief Executive Officer (“CEO”) of the Respondent. During the course of hearing the CEO of the Respondent submitted that the Complainant purchased the shares four years ago. At that time they hired a new employee and he mistakenly transferred the shares in another client’s account. Since the Complainant has not done any other transaction in his account during the past four years and the quantity of shares was very negligible, therefore, the said matter got unnoticed and overlooked. He further submitted that the moment said mistake was pointed out by the Complainant; they rectified it immediately and resolved all the issues with the Complainant. He, further, apprised that necessary changes have been made in their system to ensure that accounts of other clients are being maintained in accordance with requirements of the law. In the end he admitted his mistake and prayed that the said mistake was unintentional, therefore, a lenient view may kindly be taken.

5. I have examined the facts, evidences and documents on record, in addition to written and verbal submissions made by the Respondent. I am of the view that the Respondent has not acted in accordance with the Regulations by not transferring the shares in the CDC account of





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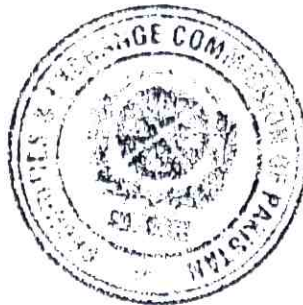
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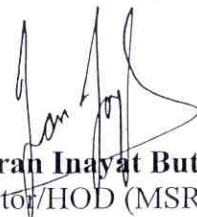
the Complainant. However, considering the arguments submitted by the Respondent and the fact that the said complaint has already been settled by the Respondent, I have opted to take a lenient view and a penalty of Rs.10,000/- (Rupees Ten Thousand only) is imposed on the Respondent. Moreover, the Respondent is directed to be vigilant while discharging its responsibilities as broker. The Respondent is further directed to ensure full compliance with the Ordinance, rules, regulations and directives of the Commission and Stock Exchange in future.

6. This matter is disposed of in the above manner and the Respondent is directed to deposit the amount of penalty as mentioned in paragraph 5 above in the account of the Commission being maintained in the designated branches of the MCB Bank Limited not later than thirty (30) days from the date of this Order and furnish copy of the deposit challan to the undersigned.

7. The order is issued without prejudice to any other action that the Commission may initiate against the Respondent in accordance with the law on matters subsequently taken up or investigated and/ or brought to the knowledge of the Commission.

Announced on February 10, 2015  
Islamabad.



  
(Imran Inayat Butt)  
Director/HOD (MSRD)