



Securities and Exchange Commission of Pakistan

Securities Market Division

Through Courier

Before The Director / HOD (MSRD)

In the matter of application of Trust Capital (Pvt.) Limited for grant of certificate of Registration as a Broker under the Brokers and Agents Registration Rules, 2001

Date of Hearing:

February 16, 2015

Present at the Hearing:

Representing Trust Capital (Private) Limited

i. Mr. Zahur Ahmed

Authorized Representative

Assisting the Director/HOD (MSRD)

i. Ms. Asima Wajid

Deputy Director

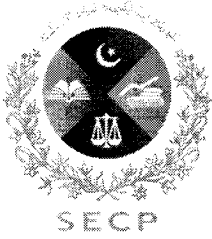
ORDER

1. This Order shall dispose of the application of Trust Capital (Pvt.) Limited ("TCPL") for grant of certificate of registration as a broker under the Brokers and Agents Registration Rules, 2001 ("the Rules"), forwarded to the Securities and Exchange Commission of Pakistan ("the Commission") by the Lahore Stock Exchange Limited ("LSE").
2. In accordance with the requirements of the Rules and Securities & Exchange Rules, 1971 ("the 1971 Rules"), scrutiny of the documents submitted along with the application revealed that the subject application was forwarded to the Commission without the following documents.
 - i. Audited Net Capital Balance Certificate ("NCB");
 - ii. Copy of the latest financial statement;
 - iii. Copies of experience certificates of all the directors;
3. Pursuant to these deficiencies, the Commission vide letters/emails dated September 30, 2014 and October 23, 2014 advised TCPL through the LSE to remove the said deficiencies. In response, the TCPL has provided the requisite documents, however, examination of the same revealed that the NCB was un-audited and none of its directors fulfilled the experience criteria as provided in Rule 4(h) of the Rules. Thereafter, the TCPL vide e-mail dated January 8, 2015 was again advised to provide the audited NCB and evidence of experience of directors in accordance with Rule 4(h) of the Brokers Rules particularly experience of the Chief Executive Officer ("CEO")

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SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division
(Market Supervision & Registration Department)

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of TCPL. In response to the above e-mail the TCPL vide letter dated January 14, 2015 informed that the experience certificate of the CEO will be provided soon and sought relaxation with regard to experience of rest of the Directors. However, the above deficient documents were not provided even after the lapse of considerable time period.

4. Given all the aforementioned deficiencies, the Commission issued a Hearing Notice (“HN”) dated January 28, 2015 to afford an opportunity of hearing to TCPL in terms of Rule 5(4) of the Rules. Accordingly, TCPL was advised to appear before the undersigned on February 9, 2015 at the Commission’s Head Office Islamabad. Upon request of the TCPL the hearing was adjourned and re-fixed for February 16, 2015.
5. On the date of hearing Mr. Zahur Ahmad (“**Authorized Representative**”) was appeared on behalf of the TCPL and submitted the NCB as of September 30, 2014 duly audited by Zahid Jamil & Co. Chartered Accountants and experience Certificate of Ms. Zahra Khalid (i.e. CEO of TCPL) issued by Allied Securities (Pvt.) Ltd. (“ASPL”), stipulating that she had been working with ASPL as trader from February 2005 to September 2010.
6. It was observed that the experience of being trader for the period 2005 to 2010 was not mentioned in the profile/CV of the CEO of TCPL already submitted to the Commission along with the subject application. Furthermore, as per record maintained with the Commission, ASPL was incorporated as company in the year 2006 and got registered as broker under the Rules on June 22, 2006 to June 22, 2009. Therefore, had it been considered that the CEO was working with ASPL as trader then her relevant experience for registration as broker is for 3 years whereas 5 years-experience of dealing in securities is required as per Rule 4(h) of the Rules. The same was communicated to the Authorized Representative of TCPL during the hearing and was advised to clarify as to why the experience of being trader of ASPL was not mentioned in profile/CV of the CEO and to provide the experience certificate accordingly.
7. In this regard, the CEO of TCPL vide letter dated February 18, 2015 clarified that she had been working with ASPL as part time and was not their permanent employee, therefore, she did not mention the same in her profile/CV. Furthermore, an affidavit with regard to her experience with ASPL was also submitted to the Commission vide letter dated February 20, 2015.
8. The CEO of TCPL vide e-mail dated February 24, 2015 was again advised to provide her experience certificate in accordance with Rule 4(h) of the Rules. In response, vide



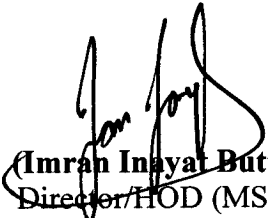


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letter dated February 24, 2015, she intimated that she had been working with Kamran Gulzar (individual broker of the LSE) since 2005 and the said broker converted into ASPL as corporate broker of the LSE. Whereas in accordance with record maintained with the Commission, Kamran Gulzar had converted his individual membership into Value Stock Securities (Pvt.) Ltd. ("VSSPL"). However, no experience certificate from Kamran Gulzar or VSSPL has been provided to the Commission.

9. From the above it is evident that the TCPL failed to provide any cogent justification and clarification in respect of queries raised by Commission regarding the experience certificate of its CEO. The CEO also kept on changing her stance regarding her experience of dealing in securities which led the Commission to believe that she has provided false information to the Commission. Furthermore, it is also pertinent to mention here that none of the directors of TCPL fulfills the requirement of experience as stipulated in Rule 4(h) of the Rules.
10. Based on the deficiency highlighted at Para 6 above, and considering the fact that despite giving ample opportunities for providing the required document as provided in the Rules, TCPL has failed to provide the experience certificate of its CEO in accordance with Rule 4(h) of the Rules. The Commission made every possible effort to ensure that TCPL acquire the certificate of registration as broker under the Rules, to avoid the repercussions of Section 16(11) of the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012. However, due to the deficiency mentioned at Para 6 above, the application of TCPL for grant of certificate of registration as broker under the Rules cannot be processed, hence refused in terms of Rule 5 (5) of the Rules.


(Imran Inayat Butt)
Director/HOD (MSRD)

Announced on February 26, 2015
Islamabad.

Copy to: Managing Director,
Lahore Stock Exchange Limited.

