



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SECURITIES MARKET DIVISION

Before the Executive Director (Securities Market Division)

In the matter of Show Cause Notice issued to

Muhammad Ayub Younus Securities (Pvt.) Ltd.

Under Rule 8 read with Rule 12 of the Brokers and Agents Registration Rules, 2001 ("the Brokers Rules") and Section 28 of the Central Depositories Act, 1997 ("the CDC Act")

Number and date of Notices	SMD-SOUTH/SCN/112/07 dated August 03, 2007
Date of hearing	August 17, 2007
Present	Mr.M. Aamir Fattani
Date of Order	February 8, 2008

ORDER

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1. This Order shall dispose of the proceedings initiated through Show Cause Notice SMD-SOUTH/SCN/112/07 dated August 03, 2007 issued to **Muhammad Ayub Younus Securities (Pvt.) Ltd.** (the "**Respondent**") by the Securities and Exchange Commission of Pakistan (the "**Commission**") under Rule 8 of the Brokers Rules for violation of Rule 12 of the Brokers Rules and Clause A5 of the code of conduct contained in the Third Schedule to the Brokers Rules and under section 28 of the CDC Act.
 2. Brief facts of the case are that the Respondent is a member of the Karachi Stock (Guarantee) Limited (the "**Exchange/KSE**") and is registered with the Commission under the Brokers Rules. An enquiry was initiated by the Commission in exercise of its powers under Section 21 of the Securities and Exchange Ordinance, 1969 and Ford Rhodes Sidat Hyder & Co. ("**the Enquiry Officer**") was appointed as the Enquiry Officer under the above mentioned section inter alia:

- a) to enquire into the dealings, business or any transaction by the Respondent during the period from April 1, 2006 to June 15, 2006 (**"the Review Period"**).
 - b) to identify any and all the acts or omissions constituting the violation of the Securities and Exchange Ordinance, 1969 (**"1969 Ordinance"**) and the Rules made thereunder.
 - c) to identify violations of any other applicable laws, including but not limited to the Brokers Rules and Regulations for Short Selling under Ready Market, 2002 (**"2002 Regulations"**), The Central Depository Company of Pakistan Limited Regulations (**"CDC Regulations"**) read with the CDC Act.
3. The findings of the Enquiry Officer revealed several instances of potential non compliances with applicable laws and regulations. A copy of the Enquiry Officer's report was sent to the Respondent under cover of a letter dated May 07, 2007 which required Respondent to provide explanations on the observations of the Enquiry Officer together with supporting documents.
4. After perusal of the Respondent's replies to the above mentioned letter, which did not adequately explain the position, a Show Cause Notice was issued to the Respondent under Rule 8 of the Brokers Rules and under section 28 of the CDC Act, stating that the Respondent has prima facie contravened Rule 12 of the Brokers Rules read with Clause A5 of the code of conduct contained in the Third Schedule to the Brokers Rules and requirements of the CDC Regulations. Rule 12 of the Brokers Rule and clause A5 of the code of conduct are reproduced as under:

Rule 12- " A broker holding a certificate of registration under these rules shall abide by the code of conduct specified in the Third Schedule"





Clause A5 of the code of conduct-"A broker shall abide by all the provisions of the Act and the rules, regulations issued by the Commission and the stock exchange from time to time as may be applicable to them".

5. The Respondent was called upon to show cause in writing within seven days and appear before the Executive Director (SMD-South) on August 17, 2007 for a hearing, to be attended either in person and/or through an authorized representative.
6. The hearing was held on August 17, 2007 which was attended by Mr.M. Aamir Fattani, the Representative of the Respondent, who submitted a written reply and informed the Commission that the Enquiry Officer's report pertained to a different brokerage house namely Muhammad Ayub Younus Adhi and that the Respondent is a separate legal entity, previously registered with the name of Amin Siddiq Parekh Securities (Pvt) Ltd.
7. From a perusal of the record, it appears that the Respondent's contention is correct and in the light of the above, no punitive action is required to be taken in consequence of the Show Cause Notice, which is hereby withdrawn.



Zafar Abdullah
Executive Director
Securities Market Division