



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
SECURITIES MARKET DIVISION
Market Supervision & Capital Issues Department
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Before the Director/HOD (MSCID)

In the matter of Registration of Guardian Securities (Pvt.) Ltd. as a Broker under the
Brokers and Agents Registration Rules, 2001

Date of Hearing: December 19, 2011

Present at the Hearing:

- i). Mr. Abdul Mansoor Khan Consultant, Guardian Securities (Pvt.) Ltd.
ii). Mr. Tariq Junaid Manager Accounts, Guardian Securities (Pvt.) Ltd.

Assisting the Director/HOD (MSCID):

- i). Mr. Hasnat Ahmad Director (BR&ICW)
ii). Ms. Asima Wajid Deputy Director (BR&ICW)

ORDER

1. This Order shall dispose of the application of Guardian Securities (Private) Limited ("**Company**") 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 ("**Commission**") by the Lahore Stock Exchange (Guarantee) Limited ("**LSE**").
2. The detailed scrutiny of the information/documents attached with the application for grant of certificate of registration revealed that financial position of the Company was severely deteriorated as the Company defaulted its loans payable to the bank(s). The Company also failed to provide its audited financial statements as of June 30, 2011.
3. Apart from the deteriorating financial health, the Company was also facing serious unresolved management conflicts. The Company had no proper Board of Directors as the Chief Executive Officer ("**CEO**") / Nominee Director of the Company had resigned on September 15, 2010 and the Company was still declaring him as its CEO. The change of nominee director of the Company neither reported to nor notified by the LSE. Moreover, the present directors did not fulfill the experience criteria as stipulated in Rule 4(h) of the Rules.
4. 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, 2011. The hearing was attended by Mr. Abdul Mansoor Khan and Mr. Tariq Junaid



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("Representatives") of the Company. The deficiencies referred to at Para 2 & 3 above were fully explained to the Representatives during the course of hearing. The Representatives stated that the management conflicts would be resolved subsequent to renewal of registration of the Company. However, the Representatives could not provide any time bound plan to improve the financial condition of the Company. Being not agreed with the arguments of the Representatives, they were advised to resolve the management related issues before approval of the certificate of registration. Moreover, during the course of hearing the Representatives were advised to submit certain documents before January 3, 2012 to enable the Commission to consider the application of the Company for registration as a broker. However, the Company failed to provide the documents within stipulated time period.

5. Based on the deficiencies highlighted at Para 2 & 3 above, I am of the view that allowing the Company to undertake securities business is not in the interest of investors and the stock market; hence the applicant is not eligible for registration as a broker. The same fact was also pointed out by LSE vide its letter dated November 17, 2011; wherein the LSE has stated that allowing the company to undertake the securities business shall not be in the interest of investors. Thus the application of the Company for grant of Certificate of Registration as a broker under the Rules cannot be processed, hence refused in terms of Rule 5(5) of the Rules.


Imran Inayat Butt
Director/HOD (MSCID)

Announced on January 5, 2012
Islamabad.

Copy to:

- i). **Mr. Aftab Ahmed Chaudhry,**
Managing Director,
Lahore Stock Exchange (Guarantee) Limited.
- ii). **Mr. Muhammad Hanif Jakhura,**
Chief Executive Officer,
Central Depository Company of Pakistan Limited.
- iii). **Mr. Muhammad Luqman,**
Chief Executive Officer,
National Clearing Company of Pakistan Limited.