



PAKISTAN STOCK EXCHANGE LIMITED

(Formerly Karachi Stock Exchange Limited)

Stock Exchange Building, Stock Exchange Road, Karachi - 74000, Pakistan.

UAN: 111-001-122 Fax: 32410825

Website: www.psx.com.pk Email: info@psx.com.pk

Ref. No. PSX/RAD/SDMSPL/2017/O- 1039

October 5, 2017

The Chief Executive Officer

M/s. S. D. Mirza Securities (Private) Limited

TRE Certificate Holder, PSX

Room # 401, 4th Floor, LSE Building

LAHORE

Subject: **Non-Compliance of Brokers with Clause 4.21 of PSX Regulations**

Dear Sir,

Reference is made to letter no. RAD/O-835 dated April 20, 2017 whereby the Exchange forwarded the report shared by the Securities & Exchange Commission of Pakistan (the "Commission") containing non-compliances with clause 4.21 of PSX Regulations and advised M/s. S. D. Mirza Securities (Private) Limited [SDMSPL] to provide explanation on the identified non-compliances.

Your response vide letter no. nil dated April 26, 2017 has been found unsatisfactory and following are the observations of the Exchange in this regard;

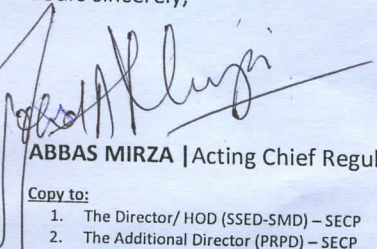
- With regard to employees not registered with NCCPL, during the inspection it is noted that, out of the five employees identified, three were not registered with NCCPL, whereas assertion of SDMSPL on two employees is correct.
- With regard to employees registered with NCCPL but not disclosed by broker, it has been observed that SDMSPL has not updated employees' record in NCCPL database on a timely basis.
- With regard to date of employment as per broker's record which does not match with date of registration with NCCPL, it is emphasized that employees should have been registered by SDMSPL with NCCPL at the time when they were hired.

On the basis of report received from the Commission and our assessment of the justifications submitted by SDMSPL, the Exchange has decided to take a lenient view and impose a symbolic financial penalty of **Rs.20,000/-** on identified non-compliances under clause 20.5D of PSX Regulations to emphasize importance of timely registration of employees in UIN database and your brokerage house is strictly advised to refrain from similar or any regulatory non-compliance(s) in future.

Please be informed that above enforcement action(s) is without prejudice to the right of the Exchange to further initiate any enquiry, Special Audit with expanded, restricted or different scope or to take any punitive action against your Brokerage House in accordance with the relevant regulations on matters subsequently investigated or otherwise brought to the knowledge of the Exchange. The above mentioned penalty must be submitted with the Exchange within 14 days from the receipt this letter.

This process was initiated on advice of the Commission and shall be disposed-off upon submission of penalty amount and undertaking by your brokerage house to remain compliant with clause 4.21 of PSX Regulations in future.

Yours sincerely,


ABBAS MIRZA | Acting Chief Regulatory Officer

Copy to:

1. The Director/ HOD (SSED-SMD) – SECP
2. The Additional Director (PRPD) – SECP
3. The Acting Managing Director – PSX