

**THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED****KSE/N-4258****NOTICE****August 13, 2010**

Reproduced hereunder letter No. SMD/SE/2(172)/2008 dated August 13, 2010 received from SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN, Securities Market Division, for information of all concerned.

(Copy of the same is also available on our Website [www.kse.com.pk](http://www.kse.com.pk).)

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**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
(Securities Market Division)

No. SMD/SE/2(172)/2008

August 13, 2010

**Mr. Adnan Afridi**  
Managing Director,  
Karachi Stock Exchange (G) Limited,  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

**Mr. Ahmed Hasan,**  
Acting Managing Director/ Chief Regulatory  
Officer,  
Lahore Stock Exchange (G) Limited,  
19, Khayaban-e-Aiwan-e-Iqbal,  
Lahore.

**Mr. Imtiaz Haider,**  
Managing Director,  
Islamabad Stock Exchange (G) Limited  
ISE Towers,  
Jinnah Avenue, Blue Area  
Islamabad.

**Subject: Suspension of Trading in Shares of Companies under Section 9(7) of the Securities and Exchange Ordinance, 1969**

Dear Sir(s),

It has been observed that a significant number of listed companies in violation/ non-compliance of the Listing Regulations or laws administered by the Securities and Exchange Commission of Pakistan (SECP) are either quoted on the Ready Counter or placed on the Defaulters'/ Non-Compliant Segment of the stock exchanges.

The SECP while taking cognizance of the above had requested the stock exchanges for detailed information with respect to the nature of default(s)/ non-compliance(s) of the companies already placed on their respective Defaulters' Segment, Non-Compliant Segment and the companies to be placed thereon.

Subsequently, the SECP conducted a comprehensive exercise for reviewing the status of default(s) of these non-compliant listed companies, which revealed that trading in shares of various companies is continuing despite the fact that among other defaults, winding-up petitions have been filed and/ or liquidator appointed or these companies have failed to hold Annual General Meetings (AGM) for a continuous period of three years.

It needs to be appreciated that companies in continuous default of the Listing Regulations of the stock exchanges and other laws administered by the SECP not only pose a serious threat to the development of a robust capital market but also inhibit investors' confidence through lack of transparency. Such companies while giving impression of a broad based Pakistani capital market do not fairly reflect depth in the market and distort functioning of the stock exchanges as true barometers of the economy.

While capital markets play a crucial role in efficiently channeling financial resources to productive uses, the non-compliant companies under winding-up or liquidation, by remaining listed/ available for trading at the stock exchanges defeat the very purpose of listing and prove detrimental to the investors' interest. In majority cases, such defunct companies attract uninformed investors depriving them return on their investment and in some cases even the principal amount.

1. Therefore, the SECP in exercise of its powers under Section 9(7) of the Securities and Exchange Ordinance, 1969 in the best public interest, for the protection of investors and to effectively implement the decisions taken in the Commission's 2nd meeting of 2010, hereby orders suspension