



PRESS RELEASE

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(Karachi, 15 August, 2009): Karachi Stock Exchange (KSE) would like to inform general public about some recent developments regarding suspension and expulsion of its members for not resolving investors' complaints.

The KSE Board reviewed the matter of 5 members i.e. (i) Eastern Capital Limited; (ii) KlikTrade Limited; (iii) Capital One Equities Limited; (iv) M.K.A. Securities (Private) Limited and (v) Prudential Securities Limited, whose registrations have been suspended by SECP for not resolving investors' issues. The KSE, following its due process, issued notices to these members for submitting their plans to resolve the issues. However, due to their non-compliance with directions of the Board as well as the Regulations of KSE, the Board has expelled the first 3 of the above members. The matter of M.K.A. Securities will be decided after completing the necessary hearings. Prudential Securities Limited has been granted some further time in view of their part payment towards financial obligations within the prescribed time and development of a workable plan to settle investors' claims. They have been given deadline of August 31, 2009 and September 15, 2009 respectively for resolving investors' complaints and repaying the balance amount of loan received from KSE, thereby giving priority to investors' claims.

The steps to be followed after the expulsion of members will be (i) KSE's invitations for claims against the expelled members by their investors, (ii) scrutiny of claims by independent audit firms, (iii) disposal of Membership Card by KSE and (iv) full or pro-rata settlement of claims. In this context, KSE is pleased to announce that *pro-rata* settlement of claims of AAG Securities, which was expelled on April 20, 2009, will be made to the investors in approximately 10 days pending issuance of final report from independent auditors.

Investors are informed that KSE is only one forum for settlement of their claims as per its Regulations. However, KSE can only satisfy claims upto the extent of available proceeds on sale of membership card, pertaining to expelled member. The unsatisfied investors, for the balance of their claims, can still have recourse against the expelled member through Court of Law and in case of corporate entities, an Order for winding-up/liquidation may be sought through the courts.

Investors' confidence is critical for the development of our capital market. It is expected that public disclosure of investors' claims resolution process already in place at KSE and the above mentioned actions by KSE will contribute to restoring the confidence of the investors and overall improvement of market sentiments.

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