

**Before the Director (Market Supervision & Registration Department)
Securities Market Division
Securities and Exchange Commission of Pakistan**

**In the matter of Show Cause Notice Dated November 13, 2012 issued to
Axis Global Limited, Broker Karachi Stock Exchange Limited**

Date of Hearing: December 19, 2012

Present at the Hearing: 1. Mr. Raj Kumar (Chief Executive Officer)
2. Mr. Hamid Nazir Kehar (Company Secretary)

Representing SECP (SMD): Ms. Saima Shafi Rana (Deputy Director-MSRD)

ORDER

1. This Order shall dispose of the proceedings initiated through Show Cause Notice No. 4(BRK-204)SMD/BR/06 dated November 13, 2012 (**"the SCN"**) under Section 22 of the Securities and Exchange Ordinance, 1969 (**"the Ordinance"**) and Section 28 of the Central Depositories Act, 1997 (**"the CDC Act"**) issued to M/s. Axis Global Limited (**"the Respondent"**), TREC Holder of Karachi Stock Exchange Limited (**"the KSE"**) and a broker registered under the Brokers and Agents Registration Rules, 2001 (**"Brokers Rules"**).
2. Brief facts of the case are that the Securities & Exchange Commission of Pakistan (**"the Commission"**) in exercise of its powers under Sub-section (1) of Section 6 of the Ordinance read with Rule 3 and Rule 4 of the Stock Exchange Members (Inspection of Books and Record) Rules, 2001 (**"the Inspection Rules"**) ordered an inspection of the books and records required to be maintained by the Respondent.
3. The report dated April 24, 2012 submitted by the Inspection Team disclosed that the Respondent was mishandling the securities of its clients and was involved in imposing late payment charges to the clients. Moreover, major irregularities in calculation of Net Capital Balance ('NCB') as on June 30, 2011 were also observed and it appeared that NCB was not in accordance with the Third Schedule of Securities and Exchange Rules, 1971 (**"the SE Rules"**). Thereafter, the Commission served a SCN to the Respondent, the contents of which are reproduced below:-

SUBJECT: SHOW CAUSE NOTICE IN THE MATTER OF INSPECTION OF BOOKS AND RECORD OF M/S. AXIS GLOBAL LIMITED - TREC HOLDER OF KARACHI STOCK EXCHANGE.

WHEREAS, M/s. Axis Global Limited (AGL) is a Trading Rights Entitlement Certificate (TREC) Holder of the Karachi Stock Exchange and registered as a broker with the Securities and Exchange Commission of Pakistan (the "Commission") under the Brokers and Agents Registration Rules, 2001 (the "Brokers Rules").