

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

**In the matter of Show Cause Notice Dated January 23, 2013 issued to
Shajar Capital Pakistan (Private) Limited, Broker Karachi Stock Exchange Limited**

Date of Hearing: March 13, 2013

Present at the Hearing:

1. Mr. Zulfiqar Haider Khan (Chief Operating Officer)
2. Mr. Kashif Syed Ehtesham (Chief Financial Officer)
3. Mr. Shahid Hussain (Consultant)

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-229)SE/SMD/2010 dated January 23, 2013 (the "SCN") under Section 22 of the Securities and Exchange Ordinance, 1969 (the "Ordinance") issued to M/s. Shajar Capital Pakistan (Private) Limited (the "Respondent"), TREC Holder of the Karachi Stock Exchange Limited (the "KSE") and a broker registered under the Brokers and Agents Registration Rules, 2001 (the "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 November 6, 2012 submitted by the Inspection Team disclosed that the Respondent was involved in imposing late payment charges to the clients. Moreover, irregularities in calculation of Net Capital Balance ('NCB') as on June 30, 2012 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 UNDER SECTION 22 OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969 READ WITH RULE 8 OF THE BROKERS AND AGENTS REGISTRATION RULES, 2001

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

2. *AND WHEREAS, the Commission in exercise of its powers under sub-section (1) of Section 6 of the Securities and Exchange Ordinance, 1969 ("Ordinance") read with Rule 3 and Rule 4 of the Stock Exchange Members (Inspection of Books and Record) Rules, 2001*