



Securities and Exchange Commission of Pakistan

Securities Market Division
Market Supervision and Registration Department

Before the Director/HoD (MSRD)

In the matter of Show Cause Notice issued to First National Equities Limited (FNEL)

Date of Hearing:

- i. May 6, 2013
- ii. May 15, 2013

Present at the Hearing:

Representing FNEL:

- i. Mr. Ali Aslam Malik *Chief Executive Officer, FNEL*
- ii. Syed Shahab Qutub *Advocate*

Representing KSE:

- i. Mr. Shafqat Ali *GM/Acting Chief Regulatory Officer, KSE*

Assisting the Director/ HOD (MSRD):

- i. Mr. Hasnat Ahmad *Director MSRD*
- ii. Ms. Saima Shafi Rana *Deputy Director*

ORDER

1. This Order shall dispose of the proceedings initiated through Show Cause Notice No. 4/BRK-176/SE/SMD/2004 dated April 19, 2013 (the "SCN") under Section 22 of the Securities and Exchange Ordinance, 1969 (the "Ordinance") read with Rule 7(2) and Rule 5(4) of the Brokers and Agents Registration Rules, 2001 (the "Brokers Rules") issued to M/s. First National Equities Limited (the "Respondent"), Trading Right Entitlement Certificate Holder of Karachi Stock Exchange Limited (the "KSE") and a broker registered with the Securities & Exchange Commission of Pakistan (the "Commission") under the Brokers Rules.

2. Brief facts of the case are that the Respondent submitted its application for renewal of certificate of registration as Broker. The scrutiny of the Respondent's said application revealed that the calculation of Net Capital Balance ("NCB") as on December 31, 2012 submitted by the Respondent had major irregularities as the NCB was not calculated in accordance with Third Schedule of the Securities and Exchange Rules, 1971 (the "SE Rules") and prima facie was overstated. The adjusted NCB calculated by the Commission is as under:-