



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
(Securities Market Division)

BEFORE THE DIRECTOR (SECURITIES MARKET DIVISION)

IN THE MATTER OF NOTICE DATED JUNE 19, 2009 ISSUED TO CLICK TRADE LIMITED, MEMBER KARACHI STOCK EXCHANGE ("KSE")

<b>Date of Hearing :</b>	June 25, 2009
<b><u>Present at the Hearing:</u></b>	
<u>Authorized Representative of Click Trade Limited</u>	Mr. Zafar Habib Chief Executive/Nominee Director
<u>Assisting the Director (SM):</u>	Mr. Tahir Mahmood Kiani- Deputy Director (SM) Ms. Najia Ubaid- Assistant Director (SM) Mr. Ibrahim Ahmad Mian – Assistant Director (Law)

**ORDER**

1. This matter arises out of the Notice No. SM/KSE-C/Misc./2009 dated June 19, 2009 issued to Click Trade ("The Respondent") – Member, Karachi Stock Exchange ("KSE") by the Securities and Exchange Commission of Pakistan (the "Commission") under the Brokers and Agents Registration Rules 2001 ("the Rules") and other applicable laws.

2. Brief facts of the case are that the Respondent a Member of KSE is a broker registered with the Commission under the Rules. Over the past eight months the Commission received 36 (thirty-six) investors' complaints/ claims against the Respondent out of which 16 (sixteen) complaints/claims are still outstanding. Majority of these complaints/claims pertain to the alleged non-transfer of shares to/from the complainants' CDC Accounts and non-payment of funds, which have been attributed to the unauthorized pledge/ transfer of securities by the Respondent. In addition to the complaints filed with the Commission, the KSE also reported a substantial number of investor complaints/ claims filed against the Respondent during the said period.

3. In view of the above investors' complaints/claims, the Commission through its various letters including letters dated February 12, 2009, March 26, 2009 and April 1, 2009 advised the Respondent to expedite resolution of its pending investor complaints/ claims and issued instructions for the immediate transfer of the shares as mentioned in the complaints against the Respondent to the respective CDC account of the complainants, under intimation to the Commission.

4. In addition to the above correspondence, the Commission vide its letter dated April 16, 2009 advised the Respondent to furnish a detailed response with respect to the current status and action taken for the resolution of said investor complaints. The Respondent in reply vide its letter dated April 21, 2009 merely communicated the status of pending investors complaints/claims filed against it with no plans for the resolution of the same.

5. Although the Respondent vide its various letters including letter dated January 15, 2009, February 16, 2009 had assured the Commission that all outstanding investors' complaints/claims would be resolved on priority basis however, a number of investors' complaints/claims are yet pending. Subsequently, the Respondent vide its letter dated June 23, 2009 communicated admission of investors' complaints/claims filed against it with the Commission and the KSE worth Rs. 20.3 million.

6. Taking into consideration that no concrete steps were taken by the Respondent for the resolution of pending investor complaints/ claims and the Respondent's failure to communicate any substantial progress made in this context, the Commission, vide its letter of June 09, 2009 scheduled a meeting with the Respondent on June 15, 2009 at the Commission Headquarters in Islamabad. However, in response the Commission received a letter dated June 11, 2009 from the Respondent conveying its inability to attend the scheduled meeting due to liquidity problems.

7. In view of the non-transfer of shares despite repeated requests of the Respondent's clients and the Commission as well as no response to various letters of the Commission, the Commission in exercise of its powers conferred under the Rules issued a Notice bearing Number SM/KSE-C/Misc./2009 dated June 19, 2009 to the Respondent for *prima facie*, violation of Rule

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4 and Rule 12 of the Rules. The Respondent was given an opportunity of hearing before the Director (SM) on June 25, 2009.

8. The hearing held on June 25, 2009 was attended by Chief Executive Officer/ Nominee Director as representative of the Respondent. The said representative through a written statement admitted unresolved investors complaints filed against the Respondent valuing Rs. 12.4 million and committed to resolve the same within a period of 2-3 months. In a verbal statement made by the representative of the Respondent during the said hearing it was further admitted that the Respondent had pledged shares of a number of its client with a Bank against loan amounting to Rs. 150 million.

9. Having heard the verbal assertions and reviewing the evidence available on record along with the written submissions made by the representative of the Respondent, I am of the considered opinion that the Respondent has not only misused the securities of its clients by way of unauthorized pledge/ transfer but also failed to resolve outstanding investor complaints/claims despite a lapse of over eight months. This conduct of the Respondent is in clear violation of Rule 12 of the Rules which makes it mandatory upon a broker holding certificate of registration under the Rules to abide by the Code of Conduct strictly and maintain high standards of integrity, promptitude and fairness in the conduct of all his business as stipulated in the said Rules.

10. In view of the foregoing, and the failure of the Respondent to resolve long outstanding investors' claims/complaints despite repeated directions by the Commission and lack of accurate information (with no documentary evidence), furnished by the Respondent to assess the exact quantum of investors' complaints /claims, I am of the considered opinion that the Respondent has clearly neglected and failed to comply with the requirement of Rule 4 and Rule 12 of the Rules and various instructions issued by the Commission from time to time. The violation of Rules and Regulations and non compliance with the instructions of the Commission is a serious matter and warrants stern action. Also the continuation of Respondent in the securities business is not in the interest of the investors. Therefore, in the public interest, for the protection of investors and to preserve capital market integrity, in exercise of powers conferred by Rule 8 of the Brokers and Agents Registration Rules, 2001, I hereby order the suspension of registration of the Respondent till claims against the Respondent in light of the investors'



complaints can be ascertained and settled in accordance with law. The Respondent's failure to settle the claims may result in cancellation of the registration as provided in the Rules.

11. This order is being issued without prejudice to any other actions which may be taken against the Respondent under law for the above stated violations or any other violations/contraventions which may come to light subsequently.

  
(HIZBULLAH SIDDIQUI)  
Director (SMD)

Islamabad,

June 26, 2009