



Securities and Exchange Commission of Pakistan
Securities Market Division
Market Surveillance & Special Initiative Department

No. SMD/MSW/OC/99/2004 -1230

February 9, 2015

Chief Executive Officer,
Creative Capital Securities (Private) Limited
412-413, 4th Floor, Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: PROHIBITORY ORDER UNDER SECTION 20 OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

Dear Sir,

Please find enclosed herewith copy of order dated February 9, 2015 passed by the Director (Securities Market Division) on the abovementioned subject for your information and record.

Yours Sincerely,

Awais Ali
Assistant Director (SMD)



No. SMD/MSW/OC/99/2014 - 1230

February 9, 2015

Chief Executive Officer,
Creative Capital Securities (Private) Limited
412-413, 4th Floor, Stock Exchange Building,
Stock Exchange Road,
Karachi.

SUBJECT: PROHIBITORY ORDER UNDER SECTION 20 OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969

1. WHEREAS, it was observed from the examination of trading data of Karachi Stock Exchange (“KSE”) during the period starting from December 01, 2014 to December 22, 2014 (“the Period”) that certain individual clients of Creative Capital Securities (Private) Limited (“The Brokerage House”), TREC Holder of KSE, have been actively placing orders in various scrips at KSE.

2. WHEREAS, review of the order level and trade level data indicates that quantum of trades executed by such clients were very few in proportion to the orders placed by them. This lead to a detailed review of the order level data of the clients.

3. WHEREAS, the detailed review of the order level data of the clients of the Brokerage House namely Muhammad Naveed, Rizwan, Zubair and Zeb Un Nisa bearing clients codes SM1, (Z05 & Z65), ZM01 and 2804, respectively, later referred as **the Clients**, showed that they placed significant quantum of buy/ sell orders in various scrips during the Period and out of which a large proportion was deleted within 05 seconds after the placement of the same. The summary of the statistics is given as below:

Name	Client Code	Terminal	Order placed	Order Canceled	% Canceled	Orders Canceled within 5 seconds
Muhammad Naveed	SM1	Total	3276	1413	43%	327
		MEM15301	2	2		
		MEM15307	1			
Rizwan	Z05	MEM15308	3273	1411		327
		Total	979	432	44%	76
		MEM15304	58	29		
		MEM15306	884	397		76
		Z65	MEM15309	24	5	
Zubair	ZM01	MEM15311	13	1		
		MEM15303	591	266	45%	48
Zeb Un Nisa	2804	Total	1199	568	47%	224
		THM15301	20	6		
		THM15302	1179	562		224

4. WHEREAS, the Securities and Exchange Commission of Pakistan (“Commission”) vide letter dated January 15, 2015 inquired the Brokerage House about the rationale of such orders and transactions in



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question. In response the Brokerage House informed the Commission that it has communicated the same to its clients and has noted down the observation of the Commission.

5. WHEREAS, the practice adopted by the Brokerage House is in conflict with the fair market practices, wherein the Clients have indulged in a practice of placing large sums of orders with no intention to purchase the same. Please note that such pattern persuades the interest of the general public for trading in these shares and create a false and misleading appearance of active trading in any security.

6. WHEREAS, the Brokerage House is responsible for each and every order placed or trade executed through its trading terminal. It is responsibility of the Brokerage House that it should monitor all the trading activities being executed through its terminal and should keep track and prevent any transaction being made in violation of any applicable rules and regulations.

7. WHEREAS, being an active participant, the Broker being in the business of the capital markets should be conscious of the responsibility it is carrying. It is pertinent to note that orders, which were placed by the Clients, of the Brokerage House were not placed with the intention of executing fair transaction in the capital markets and the same was overlooked by the Brokerage House.

8. IN VIEW THEREFORE, in exercise of the powers conferred under Section 20 of the Securities and Exchange Ordinance, 1969, (“**Ordinance**”) the Brokerage House is directed to prohibit such trading practices through its terminals, as referred above, which are not in line with the prevalent regulatory framework and constitute or is calculated to constitute contravention of any provision of this Ordinance and rules and regulations made thereunder. The Brokerage House is further directed to comply with the rules and regulations failing which the Commission shall be constrained to initiate necessary legal proceedings against the Brokerage House.

9. This Prohibitory Order is issued without prejudice to any other action that the Commission may initiate in accordance with law on the matters subsequently investigated or otherwise brought to the knowledge of the Commission.

Abid Hussain

(Director/ HOD – MSSID)