



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

No. SMD/MSW/OC/99/2004/1239

February 9, 2015

Chief Executive Officer,
Bawa Securities (Private) Limited
432-433, Stock Exchange Building,
Stock Exchange Road,
Karachi.
Phone: 021-32418253
Fax: 021-32410313

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

Dear Sir(s),

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,

Tayyaba Nisar
Deputy Director (SM)



No. SMD/MSW/OC/99/2004/1239

February 09, 2015

The Chief Executive Officer,
Bawa Securities (Pvt) Limited,
432-433, Stock Exchange Building,
Stock Exchange Road,
Karachi.

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

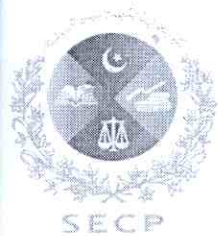
1. WHEREAS, it was observed from the examination of trading data of Karachi Stock Exchange (“KSE”) during the period starting from December 01, 2014 to December 18, 2014 (“**the Period**”) that certain individual clients of Bawa Securities (Pvt) Limited (“**The Brokerage House**”), TREC Holder of KSE, 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 Mehfooza Bano, Muhammad Sharjeel and Muzzamil Inayatullah bearing clients codes 12/3, 9/32 and 9/3, respectively, later referred as **the Clients**, showed that they placed significant quantum of buy orders in various scrips during the Period and out of which a large proportion was deleted within 10 seconds after the placement of the same. The summary of the statistics is given as below:

Sr. #	Name	Client Code	Terminal ID	Total Buy Orders Placed	Buy Orders Cancelled	Buy Orders Cancelled within 10 seconds	%Age of cancelled orders within 10 seconds to Total Buy Orders
1	Mehfooza Bano	12/3	MEM05413	883	362	133	20.67%
2	Muhammad Sharjeel	9/32	MEM05411	2,069	642	180	14.69%
3	Muzzamil Inayatullah	9/3	MEM05408	4,440	2,146	662	18.46%

4. WHEREAS, the Securities and Exchange Commission of Pakistan (“**Commission**”) vide letter dated January 13, 2015 inquired the Brokerage House about the rationale of such orders and transactions in 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.



Securities and Exchange Commission of Pakistan

Securities Market Division

Market Surveillance and Special Initiative Department

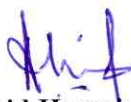
5. WHEREAS, the practice adopted by the clients of the Brokerage House is in conflict with the fair market practices, wherein the Clients have indulged in a practice of placing large sums of orders with no intention to purchase the same. Please note that such pattern persuades the interest of the general public for purchasing 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. Further, merely acknowledging and regretting a mistake does not absolve the Brokerage House from its responsibilities. 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 in the capital market, the Broker 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 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)

SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division – Market Surveillance and Special Initiative Department
NIC Building, 63 Jinnah Avenue, Islamabad, Pakistan

PABX: +92-51-9207091-4 Fax: +92-51-9218592, 9204915, Email: webmaster@secp.gov.pk, Website: www.secp.gov.pk