



# Securities and Exchange Commission of Pakistan

Securities Market Division

Market Surveillance and Special Initiatives Department

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1(20)WASH/KSE/MSW/SMD/2013

February 9<sup>th</sup>, 2015

**The Chief Executive**

Growth Securities (Pvt.) Ltd.  
82-83, Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

**Subject: Warning Letter - Evidence for change of Beneficial Ownership in Various Scrips**

Dear Sir,

1. This is with reference to our earlier letter dated January 21<sup>st</sup>, 2015 on the subject noted above, and your response dated January 30<sup>th</sup>, 2015.
2. In this regard, please note that the explanation in your aforementioned letter does not provide sufficient justification for execution of the wash trades from your proprietary account.
3. Please note that the Code of Conduct set forth under the third schedule of the Brokers and Agents Registration Rules, 2001 ("the Rules"), makes it binding on brokers of the exchanges to conduct their business with due diligence, care and skill, failing which appropriate action can be taken against the broker under Rule 8(a) and (b) of the Rules. Moreover, please note that a broker is responsible for each and every trade executed through its terminals, thus, being unaware of the counterparty due to different personnel operating the terminals at different locations is not a valid justification. Please note that being an active participant in the market, it is your obligation to abide by all the prevalent rules and regulations while trading in the equity market.
4. The execution of wash trades by you indicates that you ignored the provisions of the prevalent securities market law. However, keeping in view the fact that this was the first instance of wash trades, which was observed by the Commission, only a warning is being issued to you with advice to exercise due care and diligence while trading. Moreover, it is asserted that you must adopt a cautious approach while trading to ensure compliance of all the relevant rules and regulations and to avoid such misconduct in future failing which appropriate action will be taken against you.

(Abid Hussain)

Director/ HoD MSSID

Copy to:

- (i) Managing Director,  
Karachi Stock Exchange