



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

No. SMD/MSW/OC/99/2004/1246

February 9, 2015

The Chief Executive Officer,
HH Misbah Securities (Private) Limited
96-97, Stock Exchange Building,
Stock Exchange Road,
Karachi.
Fax No.32426938

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)



Through Courier

No. SMD/MSW/OC/99/2004 /1246

February 09, 2015

The Chief Executive Officer,
HH Misbah Securities (Private) Limited
96-97, 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 HH Misbah Securities (Pvt) Limited (“**The Brokerage House**”), TREC Holder of KSE, have been actively placing orders in various scrips at KSE.

2. WHEREAS, the review of the order level and trade level data indicates that quantum of trades executed by such clients were very in few 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 Sharjeel and Muzzamil Inyatullah bearing clients codes 12/3, 9/32 and 9/3, 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 10 seconds after the placement of the same. The summary of the statistics is given as below:

Sr. #	Name	Client Code	Terminal ID	Orders Placed	Orders Cancelled within 10 seconds	%Age of cancelled orders to Total Orders
1	Muhammad Umair	AR113	MEM03709	593	397	66.95%
2	Muhammad Ibrahim	W587	REM03701	756	200	26.46%
3	Muhammad Asif	W546	FIX03701	846	156	18.44%

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.



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

* * *

In response the Brokerage House informed the Commission that it has communicated the same to its clients and advised them to avoid this type of trading practice.

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/sell 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. Further, merely acknowledging and regretting a mistake does not absolve it from its responsibilities. It is the 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 should be conscious of the responsibility it is carrying being in the business of the capital markets. 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 UINs of the said clients may be blocked.

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)