

With regard to transmission of trade confirmations, it was informed that trade confirmations to all clients are being sent after market is closed and detailed records of the same are now being maintained. Moreover, format of trade confirmation has been revised to include contents as per PSX Regulations.

With regard to vouchers and supporting documents, it was informed by MSK that the Brokerage House was not maintaining the records, however, after inspection, proper records of receipts and payments is being maintained, as per the requirements of the regulations and the sample of the same has been provided to the Exchange.

With regard to discrepancies in KYC forms and Broker's KYC Policy, it was informed that revised KYC/CDD Policy along with Board Resolution has been submitted to JIT team. Moreover, KYC forms of thirty-eight (38) clients, out of forty-two (42), have been provided to JIT team and remaining four (04) have now been provided to the Exchange.

With regard to thirty-four (34) pending confirmations, it was informed that MSK has contacted the clients and requested them to submit their responses to JIT team as soon as possible.

In addition to above comments, MSK provided the following documents pertaining to rectification of identified non-compliances:

- Copy of updated SAOFs and proofs of employment
- Sample Vouchers and Cheques

It is pertinent to mention that the KYC / CDD policy was not implemented in letter and spirit, banking instruments and supporting documents were not being maintained, copies of trade confirmations were not provided and the format of trade confirmation was not in conformity with the one prescribed in PSX Regulations, therefore, the Exchange has decided to issue a **Warning** to your Brokerage House and impose a financial penalty of **Rs.50,000/-** under clause 20.5A.1, 20.5C and 20.16.1 of PSX Regulations. The details of financial penalties with respect to specific regulatory non-compliance(s) is tabulated hereunder:

Sr. No.	Observation No.	Non-Compliant clauses of the Regulations	Penalty Levied (Amount in PKR)
1	3	Clause 4.19 of Chapter 4 of PSX Regulations	Rs.20,000/-
2	4	Clause 18.1 & 18.2 of Appendix III of Joint Inspection Regulations	Rs.10,000/-
3	5	Clause 4.17 of Chapter 4 of PSX Regulations	Rs.20,000/-
Total Penalty Levied			Rs.50,000/-

You are hereby advised to remain vigilant in future and ensure compliance with all rules and regulations including the ones mentioned above, at all times.

Moreover, MSK is advised to strengthen its' Know Your Client / Customer Due Diligence procedures and proper basis of risk categorization should be established in light of the recently issued guidelines by Securities and Exchange Commission of Pakistan for Anti Money Laundering and Countering Financing of Terrorism Regulations, 2018 and also maintain a board approved AML and KYC Policy. It may be noted that JIT shall verify / re-asses the compliance status of your Brokerage House in Limited Scope Inspection and in case any non-compliance is highlighted during LSI, the Exchange will take strict disciplinary action under relevant PSX Regulations.



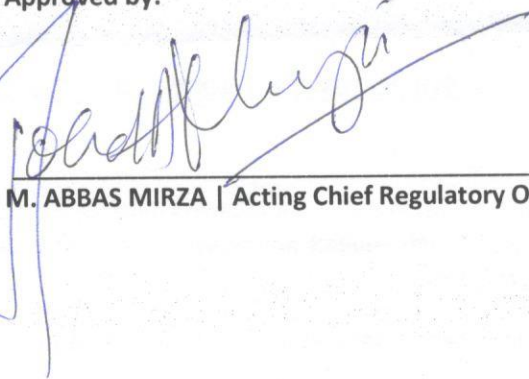
This order shall dispose-off above discussed matter(s) if not subsequently highlighted as pending or unresolved in limited scope inspection. Moreover, it must be noted that the said order is issued without prejudice to the right of the Exchange to further initiate any inquiry, special audit with expanded, restricted or different scope to take any punitive action against your brokerage house in accordance with the relevant regulations on matters subsequently investigated or otherwise brought to the knowledge of the Exchange. You are advised to pay the above mentioned penalty within 14 days from the receipt of this order.

Recommended by:



SYED AHMAD ABBAS | Deputy General Manager

Approved by:



M. ABBAS MIRZA | Acting Chief Regulatory Officer

Copy to:

1. The Director / HoD (MSCD - SMD) – SECP
2. The Oversight Committee