

# **The Investor's Guide for Lodging Complaints**

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## **1. The Vigilance Cell at the SEC**

The interest of small investors and minority shareholders is of prime importance to the Securities and Exchange Commission of Pakistan (SEC). In order to keep a vigilant eye and to provide a platform to the general public for voicing their concerns, a Vigilance Cell was set up at the SEC in 2000. This Cell is responsible for ensuring that grievances/complaints of the general public are heard and redressed, in a quick and efficient manner.

The Vigilance Cell also provides assistance for answering general questions regarding the securities laws, rules and regulations and any counseling that may be required in this regard.

## **2. Your Complaint**

Your complaint is important to the SEC as it may provide useful information and insight into malpractices in the market. It can also serve as an early warning signal to preempt potential defaults. You are, therefore, encouraged to lodge your complaint with the SEC – frivolous complaints, however, will not be entertained.

Grievances can be lodged with the SEC in the form of a formal complaint against:

- a member/agent of the stock exchange, or
- a listed or unlisted company, or
- any other matter within the purview of the SEC.

The SEC will endeavour to redress your complaint in a timely and judicious manner.

## **3. Lodging Your Complaint**

If you are aggrieved, it is prudent to act promptly and lodge your complaint as early as possible. The regulations of stock exchanges and certain other legislations place a limit on the time, usually two years, within which you can lodge your complaint. After this time period elapses, your complaint, as well as your claim, will not be considered.

As an investor you have several alternatives to lodge your complaint:

- (i) Fill out the online investor's complaint form available at the SEC website – [www.secp.gov.pk](http://www.secp.gov.pk).
- (ii) Send an email to [complaints@secp.gov.pk](mailto:complaints@secp.gov.pk).
- (iii) Write a letter to:

**The Deputy Director  
Vigilance Cell  
Securities and Exchange Commission of Pakistan  
N.I.C. Building, Jinnah Avenue**

## **Blue Area, Islamabad**

- (iv) File your complaint with the civil authorities.

In whatever manner you choose to lodge your complaint with the SEC, its receipt will immediately be acknowledged. Thereafter, your complaint is marked to the relevant division of the SEC for necessary action. The time limit required to resolve a dispute varies with the nature and complexity of each case and the availability of documentary evidence. However, SEC tries to resolve the complaint within 30 days. To enable the SEC to respond quickly, you are advised to disclose complete details of the case and ensure that all documentary evidence i.e. receipts, statements of accounts, confirmation tickets/contracts etc., accompany your complaint.

### **4. How Your Complaint is Dealt With**

On receiving your complaint, it is forwarded to the relevant division of the SEC for review and evaluation. The matter is then taken up with the stock exchange/broker/company who are requested to send their comments/observations to the SEC, a copy of which will also be sent to you. The matter is likely to be resolved at this stage. In case reservations remain despite the correspondence, SEC may initiate an investigation in order to ascertain the true facts of the matter. This could involve inviting both parties to a face-to-face hearing for resolving the matter. Occasionally, a dispute concludes without any decision. This occurs mostly in the event of lack of evidence. The SEC is restrained by law to issue direct instructions in certain jurisdictions. In such instances, you may attempt to settle the matter amicably or exercise the option of taking legal action through the civil authorities.

### **5. How You Can Deal With Your Complaint**

Although you have recourse to approach the SEC for lodging your complaint, it is strongly advised that your concern/problem should first be taken up directly with the member/agent/company concerned. This will not only save you the time consumed in correspondence and procedures but will also prevent ambiguities that may arise otherwise – not to mention the trust and confidence that would be preserved.

### **6. Arbitration Committees of the Stock Exchanges**

You also have the alternative of taking up your complaint with the management of a stock exchange. The stock exchanges of the country have their own investors' complaints settlement committees that look into the grievances/disputes that arise as a result of the sale and purchase of securities in the stock market. A perusal of the Memorandum and Articles of Association of the stock exchange in which you have a brokerage account can inform you about the composition and nature of the arbitration committees. The essence of these committees is to facilitate the resolution of investor complaints/problems. The award of an arbitration committee is binding.

### **7. Hearings, Appeals, Review/ Petitions**

All complaints are initially investigated through correspondence and feedback from the parties involved. In case a dispute cannot be resolved through such means, a

hearing(s) is set up at the SEC at which the viewpoints of the parties are heard. The deliberations are adjudicated and a decision is given through an Order of the Commissioner, Executive Director or Registrar concerned in accordance with the provisions of law. Each Division of the SEC is headed by a Commissioner and an Executive Director who looks after its affairs and delivers judgments when required. The Registrars also have the authority to give judgments that are derived from specific provisions of law. An Order passed by the Commissioner, Executive Director and/or a Registrar is binding. Any person still aggrieved has the option of filing an appeal or a revision application for a review of the Order. Under Section 33 of the SEC Pakistan Act, 1997 the appeal is filed before an Appellate Bench of the SEC. The Appellate Bench is vested with the powers to review the Order passed by a Commissioner or Executive Director of SEC and may give a verdict that may vary from the one already passed. Under Section 32 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Ordinance, 1984, a complainant has the option of filing an appeal or a review application against an Order of the Registrar, Modarabas. Similarly, a provision for appeal and revision under Section 477 of the Companies Ordinance, 1984 is available for complainants who are aggrieved by an Order issued under the provisions of the Modaraba Ordinance.

## **8. Common Types of Complaints**

The SEC receives complaints of a varied nature. Of these the most common are those that are lodged against the brokers of the stock exchanges. These relate to:

- unauthorized trading,
- unauthorized transfer of shares,
- non-supply of statements of account, and
- order execution problems.

The complaints relating to the companies mainly pertain to:

- non-payment of dividends,
- non-supply of annual/half-yearly reports,
- transfer of shares, and
- losses from operations/erosion of share values.

**(ON-LINE) COMPLAINT FORM**

<b>Complainant's Name:</b>	<input type="text"/>
<b>Father's Name:</b>	<input type="text"/>
<b>NIC No. : *</b>	<input type="text"/>
<b>Folio No. (if share holder):</b>	<input type="text"/>
<b>Address:</b>	<input type="text"/>
	<input type="text"/>
	<input type="text"/>
	<input type="text"/>
<b>Contact No. :</b>	<input type="text"/>
<b>Email Address: *</b>	<input type="text"/>
<b>Complaint Against:</b>	<input type="checkbox"/> <b>Company</b> <input type="checkbox"/> <b>SEC</b> <input type="checkbox"/> <b>Broker/Agent</b> <input type="checkbox"/> <b>Other</b>
<b>Company Name:</b>	<input type="text"/>
<b>Broker/Agent Name:</b>	<input type="text"/>
<b>Stock Exchange:</b>	<input type="text"/>
<b>SEC:</b>	<input type="text"/>
<b>Other:</b>	<input type="text"/>
<b>Complaint Text: *</b>	<div style="border: 1px solid gray; height: 100px; width: 100%;"></div>

\* Required fields

**FLOWCHART OF COMPLAINT FORWARDING**

