

**Securities and Exchange Commission of Pakistan  
NIC Building, Jinnah Avenue, Islamabad**

July 18, 2002

**Broker(s)/Brokerage Firm(s)/Incorporated Brokerage House(s) registered with the Commission.**

**Subject: - DIRECTIVE TO BROKERS / BROKERAGE FIRMS/  
INCORPORATED BROKERAGE HOUSES REGISTERED UNDER THE  
BROKER AND AGENTS REGISTRATION RULES 2001**

Dear Sirs,

In order to prohibit unfair trade practices, to ensure a level playing field, to inculcate good governance in business conduct and to promote transparency in the Securities Market, the competent authority is pleased to direct that the following shall not be eligible to become a Director or a Nominee Director of a listed company: -

- i. Any Broker or Brokerage Firm registered with the Commission or the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Research Analysts, Traders, Agents or Nominees thereof.
- ii. Anyone holding a controlling interest in, or a Director, Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Research Analysts, Traders, Agents or Nominee of an Incorporated Brokerage House registered with the Commission.
- iii. Firms/Companies owned or controlled by any of those mentioned at (i) to (ii) above.

Notwithstanding anything stated above, anyone can become a Director of a listed company if he has a minimum shareholding of 10% or above, in the company where he intends to become a Director/Nominee Director.

2. Subject to what is stated above: -

- i. A Broker/Brokerage Firm or an Incorporated Brokerage House whose directors or nominee directors are represented on the Board of Directors of a listed company shall not trade in the securities of such a listed company.
- ii. No Broker shall act as a Consultant / Adviser to a listed company of which he/his Nominee is a Director.

3. The above directive shall not be applicable to a Non-Executive Director on the Board of an Incorporated Brokerage House, provided, however, that the Incorporated Brokerage House shall neither trade nor act as a Consultant / Adviser to such listed company of which the Non-Executive Director is a Director.

4. The above directive shall be applicable to such Director of a listed company who is elected as a Director, as a result of an election held after 31st August, 2002.

5. The Securities and Exchange Commission of Pakistan (SEC) may relax all or any of the above conditions on a case-to-case basis.

Yours truly,

**(Abbas Hasan Kizilbash)**  
Joint Director (SE)

C.C:

1. The Managing Director,  
Karachi Stock Exchange (Guarantee) Ltd.  
Karachi.
2. The Managing Director,  
Lahore Stock Exchange (Guarantee) Ltd.  
Lahore.
3. The Secretary  
Islamabad Stock Exchange (Guarantee) Ltd.  
Islamabad.