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# Investor Protection

## Invest Wisely



Jama Punji is an Investor Education Initiative of  
Securities and Exchange Commission of Pakistan

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## 1. How to select a Broker

You can not start investing if you do not have a brokerage account. Brokers work as a link between Exchanges and investors. A broker's job is to help you get the best price available when looking to transact in shares. As an investor, you should thus be careful in selecting a broker. Before opening an account you should ensure that the broker is registered with the Securities and Exchange Commission of Pakistan (SECP) to trade and that the brokerage firm has a good track record. A list of all registered brokers is provided on the PSX and SECP websites. You should also visit and meet the broker in person before making any decisions. If you know any of the broker's existing clients, call them up and ask about the broker's quality of service. Finally, if you are going to entrust the broker with money you don't want to lose, it would be better if you are aware of the broker's credentials.

## 2. Opening of CDC Account

As an investor you have an option to open either a Sub Account or an Investor Account with the Central Depository Company (CDC). Sub Accounts are opened with participants of the Central Depository System (CDS) which mainly include brokers and banks that maintain the account on behalf of their clients, whereas investor accounts allow investors to directly open an account with the CDC for maintaining their portfolio instead of keeping their securities with CDS participants.

## 3. Ensuring/Securing the Investments

In case of opening a sub-account, you should obtain a copy of the account opening form along with a system generated printout of registration details of the account from the participant immediately at the time of opening the account to ensure correctness of registration details.

The account balance statement will be dispatched via email directly to an account holder. This service is only available to those account holders who have provided their email addresses in their account details and have opted for e-Statement on a monthly/quarterly basis. However, if the email address is not provided or you have not opted for e-Statement, then it is the

responsibility of the Participant to dispatch the physical statement to you on a quarterly basis. Investor Account Services (IAS) dispatches physical statements to account holders on half yearly- basis.

As an account holder you should ask your participant to activate the following free of cost CDC Access Services to get updated information about activities in your account:

**IVR** - a round-the-clock Interactive Voice Response system, supported by state-of-the-art call centre. (0800-23275)

**Web** - enables account holders to access their account information via web, (<https://www.cdcaccess.com.pk>)

**SMS** - gives an added level of convenience to investors by keeping them informed about activities in their accounts through their mobile phones.

**e-Statement** - sends account balance statements to the account holder's email address on a monthly or quarterly basis.

**e-Alert** - provides real-time email alerts about account activities to account holders.

You can also obtain your account balance report either through CDC Access or from CDC offices located in Karachi, Lahore & Islamabad to reconcile your holdings.

You should visit the CDC Website ([www.cdcpakistan.com](http://www.cdcpakistan.com)) from time to time to update yourself on new developments and updates.

#### 4. Avoiding Scams

As an investor you need to beware of promises of quick profits or sky-high returns. If the returns are too good to be true, they probably are, but it must be kept in mind that the higher the gain on investments, the higher will be the risk involved. However, this is the fundamental risk-reward trade-off. You are advised to monitor your investments on a regular basis and to investigate rapid

price changes occurring in your investments to avoid losses. There are regulations protecting investors from such scams and it is essential that you are aware of your rights and responsibilities. In case you have a question or concern about your investment, it is recommended that you contact officials



at the SECP. Some of the essential rights you have as an investor are summarized below:

- To receive copies of the annual report, balance sheet, profit and loss account and the auditor's report
- To participate and vote in general meetings either personally or through proxies
- To receive dividends in due time, once approved in general meetings
- To receive corporate benefits such as right shares, bonus shares, etc. once approved
- To apply to the SECP to investigate the affairs of the company

There are many unregulated agents masquerading as representatives of foreign brokers who try to offer trading in international commodities and currencies. You should ensure that you only open accounts with an SECP registered broker of PMEX for trading of commodities. PSX and PMEX are the regulated platforms for trading in Pakistan. Trading on any other platform falls outside the regulated area and will not provide you with any protection. Under SECP regulations,

only a registered broker can receive money from clients for trading on the recognized exchanges of the country. Money obtained for any other purpose is a violation of regulations, and as an investor you must ensure that your broker is only offering products that are approved and regulated for trading in Pakistan.

## 5. Dos and Don'ts of the Stock Market

The stock market is driven by two human emotions, greed and fear. People are usually caught up in the boom fever and pay beyond the actual worth of shares. This is the greed that drives bull markets. You should never allow greed to become a need. In bear markets, people get carried away with the ruling pessimism and are eager to sell their investments believing in the worst rumors. This is the fear that dominates bear markets. The aim of investing in stocks and shares is to maximize returns and minimize risks, but knowing how to do so is always a challenge.

Many investors attempt to time the market. They try to figure out when the market is going up and buy before it does, and then anticipate when it is going to crash and sell before that. In order to get maximum returns while minimizing the risk factor, you must try and buy shares when the upswing has begun and sell as the downswing starts. However, such accuracy is extremely difficult to determine. As a general rule you should research your planned investments thoroughly to analyze any trends and avoid investing based on tips and rumors. It is always advisable to use the services of an investment advisor.

## 6. Enquiries

A service desk provides the very contact window to the general public, investors and regulatees for filing complaints, asking pertinent questions and requesting important information.

For investor education please click on the following link: [www.jamapunji.pk](http://www.jamapunji.pk)

For Enquiries Dial 0800 88008



OR

Lodge your complaint through our Service Desk Management System at <http://sdms.secp.gov.pk/>

OR Write to us at [queries@secp.gov.pk](mailto:queries@secp.gov.pk)

## 7. Complaints

### Definition of a complaint

An issue or complaint arising out of activities that are covered under Securities and Exchange Commission of Pakistan Act, 1997; Companies Ordinance 1984; Securities Act, 2015; Insurance Ordinance 2000; Central Depository Companies Act 1997 and Rules and Regulations made there under, related to any of the entities regulated by the SECP Inter-alia the Listed companies, Stock Brokers/Sub-brokers, Stock Exchanges, Depository, Depository Participants, Registrars to an Issue / Share Transfer Agent, Mutual Funds, Credit Rating Agencies etc. may be considered a legitimate complaint.

Complainants may also file complaints regarding misconduct, misbehavior or instances in which allegations of fraud are to be reported against an employee or employees of the SECP. Such matters will be reported to the Human Resource department of SECP for necessary investigation and handling.

### What does not qualify as a complaint:

Any issue that does not fall within the regulatory domain of the SECP such as:

- i. Complaints related to personal banking transactions or poor customer service experience with a bank
- ii. Disputes arising out of private agreement with companies/intermediaries, such as terms of employment or compensation and benefits, contractual obligations etc.
- iii. Seeking explanation for non-trading of shares or illiquidity of shares or not satisfied with trading price of the shares of the companies

- iv. Complaints regarding an event that took place longer than 5 years ago from the time of filing the complaint. Provided that a claim may be admitted after the lapse of five years but not more than 10 years if the investor is able to demonstrate that the delay was due to reasons beyond his control.
- v. General commentaries and allegations about the state of the nation, fraud prevailing in a certain organization or general suggestions containing no specific complaint.
- vi. Any other irrelevant issue

Your complaint is important to the SECP 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 SECP. Frivolous complaints, however, will not be entertained.

Grievances can be lodged with the SECP 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 SECP.

The SECP will endeavor to redress your complaint in a timely and judicious manner.

Please note that while you have recourse to approach the SECP for lodging your complaint, we strongly advise you to first take up your concern/problem directly with the relevant forum such as the exchange, registrar, member, agent, company concerned etc. before contacting the SECP. This will not only save you time, but also prevent ambiguities which may otherwise arise.

## 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:

### You may submit your complaint using any of the following methods:

- I. Click on the **SUBMIT YOUR COMPLAINT** button available on the SECP website's home page of our website which will lead you to the SECP online complaint submission portal where you can provide vital personal information, append documents and submit further details of your complaint.
- II. Fax your complaint on +92 51 9100471
- III. Send us a hard copy of your complaint to our Service Desk at:

#### Service Desk

#### Securities and Exchange Commission of Pakistan

NIC Building, 63 Jinnah Avenue,  
Islamabad, Pakistan  
44000

- IV. You may also submit your complaint at any of the drop boxes placed prominently at the following locations:

#### KARACHI

- Ground Floor – Pakistan Stock Exchange Limited, Stock Exchange Building, Stock Exchange Road, Karachi.
- Ground Floor – CDC House, 99-B, Block B, S.M.C.H.S. Main Shakra-e-Faisal, Karachi.
- 8th Floor – Pakistan Stock Exchange Limited, Stock Exchange

Building, Stock Exchange Road, Karachi.

### LAHORE

- Basement Reception – Pakistan Stock Exchange, 19 Khayaban-e Aiwān-e-Iqbal, Lahore

### ISLAMABAD

- Ground Floor – NIC Building Securities and Exchange Commission of Pakistan 63 Jinnah Avenue, Islamabad
- Ground Floor – 55-B ISC Tower, Pakistan Stock Exchange, Jinnah Avenue, Islamabad

### ABBOTTABAD

- 1st Floor Abbottabad Sarmayakari Markaz, Al-Fateh Shopping Centre, Mansehra Road, Abbottabad

- V.** You may also send your complaint to the **Federal Ombudsman** by accessing the following web link: [www.mohtasib.gov.pk/](http://www.mohtasib.gov.pk/)

or Reach:

WAFaqi MOHTASIB PAKISTAN

Wafaqi Mohtasib Secretariat

36-Contitution Avenue,

G-5/2, Islamabad.

Helpline # 1055, Complaint Cell #: 051-9213886-98

### VI. Lodging your complaint with the PSX

For any dispute for which an amicable solution has not been provided by the broker/agent the complainant may apply for arbitration under Pakistan Stock Exchange (PSX) regulatory framework with the PSX.

To lodge a complaint regarding your investment in the Capital Market with the Pakistan Stock Exchange (PSX), please visit Investor Complaint Section of the PSX website: [www.psx.com.pk](http://www.psx.com.pk)

## VII. Lodging your complaint with PMEX

### Step 1

The complainant shall bring his/her grievance/complaint in the knowledge of the concerned member/broker of PMEX and shall wait for their response, if any, for a maximum period of 7 working days.

### Step 2

If the member/broker is unable to resolve the issue satisfactorily within the stipulated time, the complainant may then lodge his complaint with PMEX along with documentary evidence.

### Step 3

A complaint lodged with PMEX in the prescribed "Form" available on the PMEX website will be processed/ evaluated as under the following:

- (a) The comments/feedback of concerned member/broker shall be sought in the first instance. The same shall be reviewed for deciding further course of action in the light of applicable statutory and regulatory provisions vide chapter 15 of the PMEX General Regulations that deal with Arbitration.
- (b) Exchange carries out appropriate counseling for the parties in dispute in an endeavor to resolve the complaint through mutual settlement process.
- (c) If the complaint remains unresolved, it is referred to Arbitration.

### Step 4

Exchange will carry out arbitration process under its regulatory framework.



### VIII. How to lodge complaints with the Federal Insurance Ombudsman

Complaints and disputes referred to following redress forum available to insurance policy holders:

#### i. Federal Insurance Ombudsman (FIO)

If a complaint is already filed for resolution with FIO or the Commission endorses a complaint to FIO. The Federal Ombudsmen Institutional Reforms Act 2013, section 18 provides that “No Court or authority shall have jurisdiction to entertain a matter which falls within the jurisdiction of

an ombudsman nor any court or authority shall assume jurisdiction in respect of any matter pending with or decided by an Ombudsman.”

To Lodge a complaint with the Federal Insurance Ombudsman (FIO) please click on the following link: <http://www.fio.gov.pk>

OR reach:

Federal Insurance Ombudsman  
Federal Insurance Ombudsman Secretariat  
2nd Floor, Pakistan Red Crescent Society  
Annexe Building, Plot # 197/5  
Dr. Doud Pota Road  
Karachi  
Ph: 021-99207761-62

## ii. Small Dispute Resolution Committee (SDRC)

Disputes regarding claims filed with SDRC may be raised as complaints to the SECP, only if the matter under consideration has breached the permissible resolution timeframe as defined in the SDRC rules. SDRC has standing instructions to report on fortnightly basis the status of complaints being handled by it.

In case of delay in complaint resolution, the nominated committee specific coordinator will pursue the matter with SDRC and revert to the complainant with further information and guidance within one week of receiving such a complaint.

The permissible timeline for complaint resolution of 45 days will start from the date when the complaint is forwarded by the Commission to SDRC.

## How to lodge complaints with a small dispute resolution committee

### ISLAMABAD

Official Coordinator – Small Dispute Resolution Committee (Islamabad)



3rd Floor, NIC Building, 63-Jinnah Avenue, Blue Area, Islamabad  
051-9207091-4

## **KARACHI**

Official Coordinator – Small Dispute Resolution Committee (Karachi)  
5th Floor, State Life Building No. 2, Wallace Road, Off. I. I. Chundrigar Road,  
Karachi.

021-32414204

## **LAHORE**

Official Coordinator – Small Dispute Resolution Committee (Lahore)  
Associate House, 3rd & 4th Floor, 7-Egerton Road, Lahore.

Phone: 042-99204962-66

### **iii. Tribunal**

If a complaint is filed for resolution with the Tribunal or any Court, Insurance Ordinance 2000, section 122 (3), provides that “No court other than a tribunal shall have or exercise any jurisdiction with respect to any matter to which the jurisdiction of a tribunal extends under this Ordinance, including a decision as to the territorial limits and the execution of a decree, order or judgment passed by a tribunal”.

Policyholders' complaints regarding settlement of claims and issues of pecuniary value will be taken up with the insurers for escalation of resolution process but the same will be forwarded to the appropriate forum if the issue remains unresolved after expiry of 15 days.

## **8. The Complaint handling process: How your complaint is dealt with**

To enable the SECP 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.



The new Service Desk Management System launched on 1st June 2017 provides a user friendly experience for you to lodge your query or complaint with the SECP to get timely and regular updates. Using it enables you to get these updates via sms and email, and we recommend that you use this channel as your preferred channel for lodging your concern.

Upon receipt of your complaint by the Service Desk, you will get a same day acknowledgment message of receipt through sms. In cases where we do not have mobile contact information but instead have a postal address, the response may take longer to reach you. After initial assessment, the Service Desk will send the complaint to the relevant division of the SECP for review and evaluation on the same day of receipt, or the following working day if the complaint is received in the late hours of the working day. Once received by the designated departmental Point of Contact (POC), another acknowledgment will be sent to you within 3 days of receipt by the concerned POC stating that the matter is under review (excluding cases in which postal mail is used). If the matter is irrelevant to the jurisdiction of SECP the complainant will be informed accordingly. After assessing the complaint thoroughly the POC will revert to the complainant with the status of the complaint within 15 days.

If a complainant is requested to provide additional or deficient information (if any), the complainant will have a maximum of three weeks to provide the requisite information. Reminders will be sent to the complainant each week and upon the lapse of the third week, if the requisite material has still not been provided by the complainant, the complaint will stand closed and the same will be communicated to the complainant.

Barring the above situation, if the complaint handling process is experiencing delay owing to any reason, the concerned POC will update the complainant at least on a monthly basis.

For portal lodged complaints the complainant may check complaints status at will by accessing the SECP online Service Desk Management System and providing vital information. Alternatively, you can send an email or reach the Service Desk by dialing 0800 88008.

In case reservations remain despite the correspondence, SECP 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 SECP 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.

### **Possible scenarios of delayed complaint settlement:**

In certain cases, complaint handling and settlement may take longer than usual. However in such cases the concerned POC/sub-POC will be fully responsible for regularly following up with relevant forums to expedite resolution and to report the same on a regular basis to form part of complaint status and ageing reports circulated to relevant authorities within SECP.

The concerned POC/sub-POC will also be responsible for updating the complainant regarding complaint status on a monthly basis.

Such exceptions appear below:

#### **i. Subjudice Matters**

After accepting to handle a complaint it becomes evident that the complaint was already subjudice at the time of filing or that it became subjudice during the complaint handling process, the fate of all such complaints will rest with the relevant legal forum.

#### **ii. Matters under adjudication at the SECP**

All matters which have been or shall be taken up by the SECP for adjudication for example cancellation of returns under section 468 and buy back of shares due to loss of investment.

#### **iii. Whistle Blowing/Manipulation/Fraud**

All complaints which require probe by SECP or are already under investigation with relevant officers of the SECP.

#### iv. Suspended/Defaulted/Non Active Brokers

Complaints against brokers who have been suspended/defaulted/non active, are dealt at the Stock Exchange Level under the default management mechanism defined in their regulations and therefore subservient to the defined structure of such regulations. Also disputes with active brokers which have been referred for arbitration.

#### v. Low Return on Investment, Non Declaration of Dividend and Refund of Funds from Delisted Companies

Return on investment is a market mechanism and subject to volatility of the market. Recommendation of declaration of dividend is the prerogative of the board of directors of the company as envisaged in the Companies Ordinance 1984. Similarly obtaining refunds for complainants in context of delisted companies may not be in the locus of control of the SECP.

### 9. Hearings, Appeals and Review/ Petitions

The Appellate Bench (the Bench) of the Securities and Exchange Commission (the Commission) is mandated to hear and decide the appeals filed under section 33 of Securities and Exchange Commission of Pakistan Act, 1997 (the Act) against the orders passed either by a Commissioner or any other officer authorized by the Commission. The Appellant is required to file appeal before the Bench within thirty days from the date of impugned order, however no appeal shall lie before the Bench against;

- i. An administrative direction given by a Commissioner or an officer of the Commission.
- ii. An order passed in exercise of the powers of revision or review.
- iii. A sanction provided or decision made by a Commissioner or an officer of the Commission to commence legal proceedings.
- iv. An interim order which does not dispose of the entire matter.

In order to dispose of appeals in a timely manner different benches have been constituted and each bench consists of two Commissioners. Every appeal received under section 33 of the Act is required to be examined and scrutinized as per Securities and Exchange Commission of Pakistan (Appellate

Bench Procedure) Rules, 2003 (the Rules). The appeals which are in accordance with the Rules are registered by the Registrar whereas the deficient appeals are notified to the appellant with the direction to remove specific deficiencies within stipulated time. After registration of appeal, the Registrar requires the Respondent to submit written comments within time specified. The hearings of the appeals are fixed after completion of the requirements contained in the Rules and final orders are passed within forty five days, if possible.

### **10. Complaint resolution feedback, Audit and Internal reporting**

Upon reporting of a complaint as resolved by the concerned POC the Service Desk will send a complaint feedback form to the complainant.

All complaints at the SECP are treated seriously and regular reporting to higher authorities takes place on a periodic basis as per the Commission approved Service Desk guidelines.

The Service Desk conducts regular periodic audits of complaints, an analysis of which is shared with relevant senior management on a regular basis.

Additionally, all negative feedback received by the Service Desk is reported back to the relevant POC for immediate redress. Reports regarding such complaints are also shared with higher management on a regular basis.

## 11. Annexure: Contact Key Institutes

Organization	Detail
Securities and Exchange Commission of Pakistan (SECP)	<p><b>Head Office:</b> Securities and Exchange Commission of Pakistan, NIC Building, 63 Jinnah Avenue, Blue Area Islamabad. Ph.: 051-9207091-94 www.secp.gov.pk Email: queries@secp.gov.pk , info@jamapunji.pk</p>
Pakistan Stock Exchange (PSX)	<p><b>Head Office:</b> Stock Exchange Building, Stock Exchange Road, Karachi-74000, Pakistan. Ph: (+92 21) 111 00 11 22 www.psx.com.pk Email: info@psx.com.pk</p>
Pakistan Stock Exchange (PSX)	<p><b>Branch Office - Lahore:</b> LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore-54000, Pakistan. Tel: (+92 42) 36316974, Fax: (+92 42) 36316973</p>
Pakistan Stock Exchange (PSX)	<p><b>Branch Office - Islamabad:</b> Office # G-13, Ground Floor, ISE Towers, 55-B, Jinnah Avenue, Islamabad, Pakistan. Tel: (+92 51) 2894500</p>
National Clearing Company of Pakistan Limited (NCCPL)	<p><b>Head Office</b> 8th Floor, Karachi Stock Exchange Building, Stock Exchange Road. Karachi-74000. Pakistan Tel: (+92-21) 32460811-19 www.nccpl.com.pk Email: info@nccpl.com.pk</p>
Pakistan Mercantile Exchange (PMEX)	<p><b>Head Office</b> 38, 3rd Floor, Bahria Complex IV, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi-75600, Pakistan.. UAN: 111-623-623, Fax: (+92 21) 35155 022, Email: info@pmex.com.pk, www.pmex.com.pk</p>
Central Depository Company(CDC)	<p><b>Head Office</b> CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400. Tel: 0800-CDCPL (23275) info@cdcpak.com Tel: (+92 21) 111-111-500, Fax: (+92 21) 34326031: www.cdcpakistan.com</p>
Mutual Fund Association of Pakistan (MUFAP)	<p>Mutual Funds Association of Pakistan, 207-209, 2nd Floor. Kassam Court Block 5 Block - 5, Clifton. Karachi Pakistan Office: (+92-21) 35293136-37 www.mufap.com.pk Email: info@mufap.com.pk</p>
Institute of Financial Markets of Pakistan (IFMP)	<p>Suite No. 1009, 10th Floor, Park Avenue Building, PECHS Block 6, Shakra-e-Faisal, Karachi 78500, Pakistan. Tel: (+92 21) 34540843</p>



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