



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN  
(Securities Market Division)  
Market Supervision and Registration Department

48

Confidential

File No. 1(11) SMD/MSRD/C&IW/2013

November 28, 2013

The Chief Executive Officer,  
Bawa Securities (Private) Limited,  
Room No. 432-433, 4<sup>th</sup> Floor,  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

**Subject: Warning Letter in respect of Inspection of Bawa Securities (Private) Limited**

Dear Sir,

This is with reference to the inspection order dated July 24, 2013 whereby, an onsite inspection of Bawa Securities (Private) Limited ("BSL") was conducted by the Securities and Exchange Commission of Pakistan ("Commission"). Pursuant to the said inspection, the inspection team submitted its report, the findings of which were duly shared with BSL for its comments.

2. The Commission, after considering findings of the inspection report and the reply submitted by BSL, is of the view that certain violations of the applicable regulatory framework highlighted by inspection team needs to be rectified/removed by BSL. Accordingly, BSL is warned to exercise caution and be careful in future and ensure strict compliance with the governing regulatory framework in general and with regard to the following in particular:-

**A. Securities & Exchange Rules, 1971**

- i. Rule 3 (e) of the Securities & Exchange Rules, 1971 with regards to weekly reporting of Net Capital Balance.

**B. General Regulations of Karachi Stock Exchange Limited**

- i. Standardized Account Opening Forms must be in accordance with Regulation 40 of the General Regulations of the Karachi Stock Exchange ("KSE").



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49

- ii. Copies of cheques issued to and received from the clients be kept as a record in accordance with clause 9 of the special terms and conditions of Standardized Account Opening Forms.

**C. KYC/CDC Guidelines**

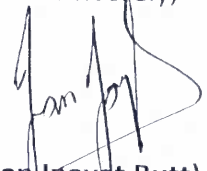
Develop a policy with regards to KYC/CDD as per the guidelines issued on March 16, 2012.

**D. Regulations Governing Risk Management**

Regulation 9.4 with regard to collection of all margins and MtM losses from the respective clients in accordance with total margin requirements as prescribed by the KSE.

3. BSL is further required to ensure that a compliance report in the matters mentioned above along with documents evidencing the same is received in the Commission within 45 days of the date of this letter. Please note that this letter is issued without prejudice to any other action that the Commission may initiate against the Respondent in accordance with the law on matters subsequently taken up or investigated and/ or brought to the knowledge of the Commission.

Yours sincerely,

  
**(Imran Inayat Butt)**  
Director/HOD (MSRD)

Cc:  
**Chief Regulatory Officer,**  
Karachi Stock Exchange Limited