



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

File No. 1(39) SMD/MSRD/C&IW/2014

October 22, 2014

Chief Executive Officer,
Cedar Capital (Private) Limited,
Room No. 80, 2nd Floor,
Stock Exchange Building,
Stock Exchange Road, Karachi

Subject: Warning in respect of Inspection of Cedar Capital (Private) Limited

This is with reference to the inspection order dated June 2, 2014 whereby, an onsite inspection of Cedar Capital (Private) Limited ("CCPL") was conducted by the Securities and Exchange Commission of Pakistan ("the Commission"). Pursuant to the said inspection, the inspection team submitted its report, the findings of which were duly shared with CCPL for its comments.

2. In light of the findings of the inspection report and the reply submitted by CCPL, the Commission is of the view that certain violations of the applicable regulatory framework highlighted by inspection team needs to be rectified/removed at your end. You are, therefore, advised to ensure compliance with the following:-

A. Rule Book of Karachi Stock Exchange Limited ("Rule Book")

- i) CCPL is required to ensure that its employees follow the code of conduct as specified by CCPL and are compliant with the requirements as enunciated in Regulation 4.22.1 and 4.22.2 of Chapter 4 of Rule Book.
- ii) Standardized Account Opening Forms (SAOFs) must be in accordance with Regulation 4.17 contained in Chapter 4 of the Rule Book.
- iii) CCPL should have an effective Know Your Customer (KYC) and Customer Due Diligence (CDD) Policy duly approved by its Board of Directors and should ensure compliance with the requirements specified in Regulation 4.18 of Chapter 4 of Rule Book.
- iv) SAOFs must be in accordance with Regulation 9.6 of the Chapter 9 of Rule Book, containing appropriate disclosures highlighting the risk associated with internet trading.

B. Circular 34 of 2009

CCPL should ensure compliance with Circular 34 of 2009 issued by the Commission with regard to obtaining mandatory qualification by its employees through Institute of Capital Markets.




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3. CCPL is warned to exercise caution and be careful in future and ensure strict compliance with the governing regulatory framework. CCPL is further required to submit compliance report in the matters specified in point 2 above within a month's time of the date of this letter to the Commission.

4. 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:

The Chief Regulatory Officer,
Karachi Stock Exchange Limited