



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

File No. 1(38) SMD/MSRD/C&IW/2014

December 1, 2014

M H Securities (Private) Limited,
Through its Chief Executive Officer,
Room No. 718, 7th Floor,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: Warning in respect of Inspection of M H Securities (Private) Limited

This is with reference to the inspection order dated June 2, 2014, whereby, an onsite inspection of M H Securities (Private) Limited ("MHSL") was conducted by the Securities and Exchange Commission of Pakistan ("the Commission") and was duly shared with MHSL for its comments.

2. In light of the findings of the inspection report and the reply submitted by MHSL, the Commission is of the view that certain non-compliances as highlighted in the inspection report needs to be rectified/removed by MHSL. You are, therefore, advised to ensure compliance with the following:-

A. Securities & Exchange Rules, 1971 ("the Rules")

- i) Preparation of Net Capital Balance ("NCB") Certificate in accordance with the Third Schedule of the Rules and Guidelines issued by the Commission regarding proper classification of items included in NCB.
- ii) Rule 8 of the Securities & Exchange Rules, 1971 with regard to recording of transactions in the books of accounts under the proper account heads and recording of accruals.

B. General Regulations of Karachi Stock Exchange Limited ("KSE")

- i) Regulation 41(1)(a) of the KSE General Regulations with regard to keeping the clients' assets segregated from that of MHSL. Although MHSL has sufficient funds available in clients' bank account but the requirements were not followed in letter and spirit.


3. In view of the above, MHSL is warned to exercise caution and be careful in future and ensure strict compliance with the governing regulatory framework. MHSL is further directed to provide its NCB Certificate as of December 31, 2014 along with copy of the bank statement tagged as clients' account and copy of trial balance of the same date depicting gross trade payables and trade receivables to the Commission by January 15, 2015.



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4. Please note that this letter is issued without prejudice to any other action that the Commission may initiate against MHSL 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