



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Securities Market Division
Market Supervision and Registration Department

Confidential

File No. 1(44) SMD/MSRD/C&IW/2014

January 26, 2015

NAEL Capital (Private) Limited,
Through its'
Chief Executive Officer,
Suit No 601,
Business and Finance Centre,
I.I. Chundrigar Road ,
Karachi.

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

This is with reference to the inspection order dated September 30, 2014 whereby an onsite inspection of NAEL Capital (Private) Limited ("NCL") 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 NCL for its comments.

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

A. *Securities and Exchange Rules, 1971*

Preparation of Net Capital Balance in accordance with the Third Schedule of the Rules and Guidelines issued by the Commission.

B. *Rule Book of Karachi Stock Exchange Limited*

- i) Standardized Account Opening Forms (SAOFs) must be in accordance with Regulation 4.17 contained in Chapter 4 of the Rule Book.
- ii) NCPL should have an automated system to perform investment profiling of clients and enhanced due diligence at the client level to ensure compliance with Know Your Customer (KYC) and Customer Due Diligence (CDD) requirements as specified in Regulation 4.18 of Chapter 4 of Rule Book.
- iii) Clauses 19.5.8 and 19.5.9 of Chapter 19 of the Rule Book related to collection of margins from its clients in cash or securities prescribed as margin eligible by KSE.



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3. In view of the above, NCL is warned to exercise caution and be careful in future and ensure strict compliance with the governing regulatory framework. Please note that this letter is issued without prejudice to any other action that the Commission may initiate against NCL 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**