

# Frequently Asked Questions For Lodging Complaints



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN



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COMMISSION OF PAKISTAN

**FREQUENTLY ASKED QUESTIONS  
For Lodging Complaints**

NIC Building, 63 Jinnah Avenue, Islamabad, Pakistan

Tel: 051-9207091-4, UAN: 111 117 327

Fax: 051-9204915

Website: [www.secp.gov.pk](http://www.secp.gov.pk)

e-mail: [enquiries@secp.gov.pk](mailto:enquiries@secp.gov.pk)



**FAQs for Lodging Complaints against Stock  
Exchange Members with the Securities and  
Exchange Commission of Pakistan (“SECP”)**

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## **1. Why file a complaint with SECP?**

The receipt of complaints enables SECP to identify trading violations, which could impact the investor confidence or affect fairness in the stock market. Using complaint information the SECP can identify the weak areas in relevant regulations or in their compliance and make necessary arrangements for fixing the same.

## **2. How does the client know if he/she has a case against Stock Exchange Member?**

Just because the client has lost money while dealing in securities doesn't mean that he/she has a case against the Member. The Financial markets have always gone through periodic down turns and upturns and these fluctuations are not always the fault of Member. However, it is the responsibility of a Member to invest money according to the client's instructions. There are certain malpractices and delays against which an investor can lodge a complaint such as:

- Unauthorized transfer/movement of shares
- Non-supply of statements of account
- Non-supply of trade confirmations within 24 hours
- Overcharged Commission
- Failure to execute investors' instructions/orders
- Suspension of payment
- Non-Delivery of Securities

- Delay in disposition of matters referred to in arbitration and appeals against the award of arbitration.
  - Non Implementation of Award announced by panel of arbitrators and appellate bench of the Exchange.
  - Conflict of Interest in reference to the panel of arbitrators and panel against the award of arbitrators.
3. **What are the different ways to handle a problem with Stock Exchange Member?**
  4. **What are different forums available for pursuing a claim against Stock Exchange Members?**

**Amicable Settlement:** Although the client has the recourse to approach the relevant Stock Exchange, SECP or the Courts for lodging complaint, it is advised that the complaint/problem should first be taken up directly with the Member.

**Taking up the matter with relevant Stock Exchange:** The client also has the alternative of taking up his/her complaint with the management of the concerned stock exchange. All the stock exchanges shall handle the complaints in accordance with their regulations. Regulations are available on the webpage of the Commission i.e. [www.secp.gov.pk](http://www.secp.gov.pk) and of the Exchanges i.e. [www.kse.com.pk](http://www.kse.com.pk), [www.lahorestock.com](http://www.lahorestock.com), [www.ise.com.pk](http://www.ise.com.pk).

**SECP:** The client can also lodge his/her complaint with the Investor Complaint Wing (“ICW”) which has been setup at SECP to ensure that grievances/complaints of the general public are heard and redressed, in a quick and efficient

manner. The investor can file his/her complaint with the SECP against Stock Exchange Members on the prescribed Complaint Registration Form (“CRF”) which is available, free of cost in the offices of Stock Exchanges and the Commission including the Company Registration offices (“CROs”).CRF may be downloaded from the official website of SECP [www.secp.gov.pk](http://www.secp.gov.pk).

**Civil Courts:** The client can also file his/her complaint with the Civil Courts.

## 5. What is Arbitration?

Arbitration is an alternative dispute resolution mechanism provided by the Exchanges for resolution of complaints lodged by investors and members of the exchange. Arbitration is carried out in accordance to the procedure laid down in General Regulation of the Exchanges. These Regulations are available at webpage of the exchange i.e. [www.kse.com.pk](http://www.kse.com.pk), [www.lahorestock.com](http://www.lahorestock.com), [www.ise.com.pk](http://www.ise.com.pk).

## 6. Who are the persons who can act as Arbitrators?

### 7. How is an Arbitrator appointed?

The Arbitrators are Members and management of the Exchange and Non-Member directors of the Exchange. The specific requirement for the appointment of arbitrators and the procedure for appointment of arbitrators is mentioned in the General Regulations of the Exchanges available at their web pages.

## **8. Who can avail the facility of Arbitration on the Exchange?**

The facility of arbitration on the Exchange can be availed by:

- a) Investors who have dealt on the Exchange through their Members dealing in Securities.
- b) Investors who have dealt on the Exchange through registered agents of the Member dealing in securities.
- b) Members who have a claim, dispute or difference with another trading member or a constituent.

## **9. What is the period for filing an application for Arbitration in the event of there being a claim, difference or dispute?**

An application for arbitration has to be filed in accordance with the arbitration procedure laid down in General Regulations of the Exchange, which at present is 1 year from the date the dispute arises.

## **10. What is the process for filing an application for Arbitration with Exchanges?**

The investor may file his/her complaint against the Stock Exchange Members with the concerned Exchange. The procedure for arbitration is laid down in General Regulation of the Exchanges and the same are available on web page of the Exchange.



**11. How is an Award made by the Sole Arbitrator/Panel of Arbitrators?**

If both parties to the dispute are present at the appointed time and place the arbitrators may hear the reference and announce the award. If the party against whom the complaint is made is not present the arbitrators may hear and decide the dispute ex-parte. All claims referred to the panel of arbitrators are resolved by a majority.

**12. Is there any appeal provision for arbitration at the Exchanges?**

Yes, there is an appeal provision for arbitration at the Exchanges. According to KSE and ISE General Rules and Regulations any party to a dispute dissatisfied with any award of the Managing Director/his appointed nominee may appeal to the Advisory and Arbitration Committee against such award within seven days of receipt of such award and any party to dispute dissatisfied with the award of the Panel of Arbitrators may appeal to the Board against such award within seven days of the receipt of such award.

According to General Regulations of the Exchanges, if any party to a dispute is dissatisfied with any award of the Managing Director/his appointed nominee or with the award of the Panel of Arbitrators may appeal to the Board against such award within the specified time frame. Complete procedure for appeal against arbitration award is laid down in General Regulations of the Exchanges, available at their web pages

**13. Can the sole arbitrator or Panel of Arbitrators grant an adjournment of hearing?**

Yes, a sole Arbitrator or Panel of Arbitrators may grant an adjournment of hearing.

**14. Can the parties enter into settlement after filing an application for Arbitration?**

Yes, even if after the appointment of an arbitrator, the parties settle the dispute amicably then the arbitrator will record the settlement of the dispute in the form of an arbitration award on agreed terms.

**15. What is the procedure for filing a complaint with SECP?**

In case of complaint against the Exchange and/or the broker/brokerage house the Investor Complaints Wing at the Securities and Exchange Commission of Pakistan can be approached at the following address:

Investors' Complaints Wing,  
Securities Market Division  
Securities and Exchange Commission of Pakistan,  
9th Floor, N.I.C. Building, Jinnah Avenue  
Blue Area, Islamabad  
Tel: (051) 9207091-94 Fax: (051) 9218595

Complaint Registration Form is available on the website of the Commission (i.e. [www.secp.gov.pk](http://www.secp.gov.pk)). Investors having complaint are required to fill the form with complete

information and forward duly signed complaint registration form along with all necessary documents to the Commission's address.

**16. What documents does the client need to support his/her claim?**

Following documents are required to support the claim against the Members. In case the client is not able to provide any of the said documents reason for not submitting the same must be provided to the concerned authority.

1. Copy of CNIC (in case of companies NIC of the authorized representative)
2. Documents supporting your claim.

**17. What are the costs associated for lodging a complaint with SECP?**

The SECP does not charge anything for handling the complaints lodged by the investors against the Stock Exchange Member(s).

**18. What happens after the client sends information to the SECP?**

The complaint upon receipt shall be immediately acknowledged. If you do not receive acknowledgement even after 5 working days of your sending the complaint, ask for the status of complaint from Investor Complaints Wing at the Commission. You shall be informed about the status of complaint in a timely manner.

**19. Is there any Appeal provision against the Order?**

Any party to the dispute/claim still aggrieved has the option of filing an appeal against the Commission's Order. The client can file an appeal under Section 33 of the SECP Act, 1997 before the Appellate Bench of the Commission. The Appellate Bench is vested with the powers to review the Order passed by a Commissioner or Executive Director or Director of SECP.

**20. How long does it take before a complaint is decided?**

There is no fixed time limit for the completion of process. Passing of judgment in a particular case depends on a number of factors, which include but not limited to nature of complaint, size of the claim, availability of documentary evidence, and cooperation of parties etc.

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