



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division
Public Offering and Regulated Persons Department

S/B
29/5/17

No. 4(BRC-319)PMEX/SMD/2017

May 26, 2017

Chief Executive Officer,
Sapphire Capital Mercantile (Private) Limited,
21 Banglow No 9, Queens Road,
Sagodha.

Subject: Order in the matter of application for grant of certificate of registration as a broker under the under the Commodity Exchange and Future Contracts Rules, 2005 (the "Rules")

Dear Sir,

Please find enclosed herewith a copy of order dated May 26, 2017 in the title matter for your record and necessary action.

(Asima Wajid)
Additional Joint Director (PRPD-SMD)

Copy to:

✓ Pakistan Mercantile Exchange



Securities and Exchange Commission of Pakistan
Securities Market Division
Public offering and Regulated Persons Department

Through Courier

Before the Commissioner (SMD)

In the matter of Notice of Opportunity of Personal Hearing Issued to Sapphire Capital Mercantile (Private) Limited in terms of Application for Grant of Registration as Broker under the Commodity Exchange and Futures Contracts Rules, 2005 (the "Rules")

Date of Hearing	May 16, 2017
Present at the Hearing Representing Sapphire Capital Mercantile (Pvt.) Limited	Ms. Shah Bano - CEO
Assisting the Commissioner (SMD)	Mr. Faisal Nawaz Joint Director (SMD-PRPD)

ORDER

This Order shall dispose of the application of M/s. Sapphire Capital Mercantile (Private) Limited (the "**Respondent**") for obtaining registration as a broker under the Commodity Exchange and Futures Contracts Rules, 2005 (the "**Rules**").

2. Brief facts of the case are that the Respondent is a Member of the Pakistan Mercantile Exchange Limited ("**PMEX**"). PMEX vide letter dated February 13, 2017 forwarded the application of the Respondent for grant of certificate of registration as "broker" under the Rules. The application of the Respondent forwarded by PMEX was found deficient in respect of requisite information/documentation and same was communicated to PMEX vide email dated February 15, 2017 which was addressed by PMEX on March 01, 2017.

3. While processing the application it was observed that "Ms. Shah Bano" the Chief Executive Officer (the "**CEO**") of the Respondent is also a director and shareholder with controlling interest in M/s. Khadija Commodities (Pvt.) Limited, a registered PMEX broker. As there is no bar on opening of branches to expand business, therefore, to obtain two registrations as PMEX broker by same group does not make economic / business sense and needs proper explanation/justification in terms of Rule 12(1) of the Rules which is reproduced hereunder:

"12(1) The Commission, if it is satisfied that the applicant is eligible for registration as a broker, and that it shall be in the interest of the commodity market to do so, may grant certificate of registration to the applicant in accordance with a format specified by the Commission from time to time."

"12(4) No application made under sub-rule (1) of rule 11 shall be refused except after giving an applicant a reasonable opportunity of being heard."





Securities and Exchange Commission of Pakistan

Securities Market Division

Public offering and Regulated Persons Department

4. In view of the above facts, a notice dated May 11, 2017 was issued to the Respondent whereby it was called upon to explain as to why the Respondent's application for grant registration as broker may not be refused. The Respondent had not submitted any written response against the said notice.

5. A hearing in the matter was held on May 16, 2017, wherein Ms. Shah Bano, the CEO of the Respondent appeared before me and submitted as follows:

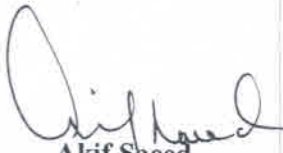
- i. *She has controlling interest in Khadija Commodities (Pvt.) Limited i.e. having 25% shareholding in the said company.*
- ii. *She want to start her own independent business as presently she is working for a family owned business.*

6. I have analyzed the facts of the case, relevant provisions of the Rules and arguments put forth by the Representative during the course of hearing. Considering these following is hereby concluded:

- i. The CEO of the Respondent has controlling interest in another already registered PMEX brokerage house.
- ii. The CEO failed to explain the reason for establishing another brokerage house as there is no bar in the regulatory framework on opening the branch office in order to expand the business.

7. In view of the submissions and documents on record, I am of the considered opinion that granting certificate of registration to M/s. Sapphire Capital Mercantile (Pvt.) Limited, will not be in the interest of the Commodities market. Therefore, the application of M/s. Sapphire Capital Mercantile (Pvt.) Limited for grant of certificate of registration as broker under the Rules is hereby rejected.




Akif Saeed
Commissioner (SMD)

Announced on May 26, 2017
Islamabad.