PAKISTAN STOCK EXCHANGE LIMITED
Stock Exchange Building, Stock Exchange Road, Karachi - 74000, Pakistan.
UAN: 111-001-122 Fax: 32410825
Website: www.psx.com.pk Email: info@psx.com.pk

RAD/O-3744

Ref. No. PSX/ RAD/O-3744

July 06, 2026

The Board of Directors
Horizon Securities Limited
2nd Floor, Plaza 79-A,
Banker Co-operative Housing Society,
Lahore.

SUBJECT: DECISION IN THE MATTER OF NON-COMPLIANCES HIGHLIGHTED IN THE SYSTEM AUDIT REPORT OF HORIZON SECURITIES LIMITED

Dear Members of the Board,

Please find enclosed herewith the Enforcement Order of Chief Regulatory Officer dated July 06, 2026 in the matter of non-compliance(s) highlighted in the system audit report of Horizon Securities Limited.

The above is for your information and compliance thereof within stipulated time.

Yours truly,

ADEEL SHAMSHAD
AGM | Unit Head | Audit, Inspection, Default & Arbitration
Regulatory Affairs Division

Cc:

1. *The HOD/Director – SD, Licensed and Unlisted Companies Department, SECP*
2. *The Additional Director – SD, Licensed and Unlisted Companies Department, SECP*
3. *The Chief Regulatory Officer – PSX*
4. *The Chief Executive Officer – Horizon Securities Limited*
5. *The Company Secretary – Horizon Securities Limited*
   (Ensure to circulate the enclosed Order to the Board of Directors)

Encl: As Above

ORDER IN THE MATTER OF NON-COMPLIANCES HIGHLIGHTED DURING THE SYSTEM AUDIT OF HORIZON SECURITIES LIMITED PURSUANT TO PSX REGULATIONS 20.4 AND 20.5

Hearing Officer:	Mr. Khalid Jehangir | Senior Manager – RAD (Authorized by Chief Regulatory Officer, PSX)
Assisting Hearing Officer:	Ms. Shagufta Siddiqui | Senior Manager – RAD Mr. Ovais Moin | Assistant Manager – RAD
Representing Securities Broker:	Mr. Asif Mumtaz Mian | Head of Compliance
Representing Auditor:	Mr. Muhammad Daoud | Amin, Mudassar & Co. Chartered Accountants Mr. Naeem Maqsood | Amin, Mudassar & Co. Chartered Accountants
Date of Hearing:	May 05, 2026

1. This Order shall dispose of the proceedings initiated against Horizon Securities Limited (**Horizon Securities**) through Hearing Notice No. PSX/TREC/212/RAD/O-3689 dated April 24, 2026, issued under Clause 20.4 of Pakistan Stock Exchange Limited (**PSX**) Regulations.

2. Brief facts of the case are as follows:

   (a) Horizon Securities is a Trading Rights Entitlement Certificate Holder of PSX and licensed by the Securities and Exchange Commission of Pakistan as a Trading and Self-Clearing Broker.

   (b) The System Audit of Horizon Securities was initiated by Amin, Mudassar & Co. Chartered Accountants (**Auditor**), in the regulatory areas as specified under Schedule-A annexed to Chapter 23 of PSX Regulations, covering the period from January 01, 2025 to December 31, 2025 (**Review Period**).

   (c) The Auditor highlighted the following observations in its System Audit Report dated April 22, 2026:

      (i) **Point 1.1 of Scope of Audit:** The CRF and Sahulat Form of the selected clients were not in compliance with the requirements of PSX Regulations laid down under Annexure-I to the Chapter 4 of PSX Regulations.

      (ii) Point 1.3 of Scope of Audit: Horizon Securities did not collect margins from its clients in accordance with the regulations governing Risk Management.

      (iii)**Point 1.11 of Scope of Audit:** The Horizon Securities transmitted quarterly account statements to each of its clients during the Review Period in accordance with Chapter 4 of PSX Regulations, however, the above transmitted statements did not include information relating to "Securities positions as per CDS records".

3. Taking cognizance of the aforementioned observations highlighted in the System Audit Report, PSX provided an opportunity of being heard to Horizon Securities on April 30, 2026 under Clause 20.4 of PSX Regulations, to deliberate and seek explanations on the reported observations thereon. The hearing was rescheduled at the request of Horizon Securities and was subsequently held on May 05, 2026.

4. The hearing was attended by Mr. Asif Mumtaz Mian, Head of Compliance (**Representative**) of Horizon Securities and Mr. Muhammad Daoud and Mr. Naeem Maqsood (**Auditor**) of Amin, Mudassar & Co. Chartered Accountants.

5. The reported observations were discussed at length during the hearing conducted by the PSX Official (**Hearing Officer**) authorized by the Chief Regulatory Officer, PSX in accordance with Clause 20.4 of PSX Regulations. The observations along with responses from Horizon Securities, Auditor and comments of PSX are provided hereunder:

(a) **Deficiencies in CRFs/ AOFs and Sahulat Forms:**

On the request of the Hearing Officer, the Auditor informed that they selected a sample of one-hundred (100) clients to verify that the CRFs/ AOFs were properly maintained and were up to date. In the above sample, twenty-nine (29) were new clients and seventy-one (71) were old clients. The Auditor further informed that upon review of information submitted by Horizon Securities, the following was observed:

i. Horizon Securities provided all the CRFs/AOFs except for one (1) client; and
ii. Terms & conditions set out under CRFs/ AOFs, as prescribed under Annexure-I to Chapter 4 of PSX Regulations, were missing in CRFs/ AOFs of forty-three (43) clients.

Upon query regarding the observations highlighted by the Auditor, the Representative responded that Horizon Securities had provided all the information to the Auditor. With regard to non-submission of CRF/ AOF of one (01) of the clients, the Representative assured that they would submit the required information subsequent to the hearing.

Upon further enquiry regarding the reasons for not updating the relevant forty-three (43) CRFs/ AOFs as per the applicable regulatory requirements implemented in June 2019, the Representative responded that the highlighted accounts were opened prior to these amendments. Besides, most of these clients' accounts were inactive and no transactions were executed on these accounts for a long time. However, new clients' CRFs are updated and maintained in accordance with the requirements of PSX Regulations.

The Hearing Officer advised the Representative that the CRFs/ AOFs for all clients must be updated and maintained as per the minimum requirements set out in PSX Regulations and the updated terms and conditions of CRFs/ AOFs should also be shared with all respective clients. The Representative was further advised to submit the remaining information subsequent to the hearing.

(b) **Non-collection of mandatory Margins:**

On the request of the Hearing Officer, the Auditor informed that they selected a sample of thirty-nine (39) clients having debit and credit balances to verify the collection of margins on account of selected clients on random dates. Upon review of the submitted information, it was observed that many of the selected clients had debit balances. However, with regard to MTS transactions, they were unable to verify the collection of margins from the selected clients.

Upon enquiry of the Hearing Officer, the Representative responded that most of the selected clients were inactive and had a long outstanding debit balance in their respective accounts. Besides, the aforesaid clients had not executed any transaction during the last five (05) to six (06) years. Further, with regard to some of the active clients, the margin was collected in the form of securities. The Representative did not agree with the observation as highlighted by the Auditor.

The Hearing Officer emphasized that it is the regulatory obligation of all securities brokers to collect margin requirements in a timely manner as prescribed under relevant regulations. Further, the Representative was advised to make efforts to collect the outstanding balances from the highlighted clients having a debit balance to avoid financial precariousness and risk of settlement failure. It was further advised to share the general ledgers of such customers along with any other relevant documentary evidence.

(c) **Non-provision of evidence relating to the transmission of Quarterly Account Statements to clients:**

On the request of the Hearing Officer, the Auditor informed that they had selected a sample of fifteen (15) clients to verify that the quarterly account statements (QAS) were transmitted to the relevant clients. Upon review of the submitted information, Auditor observed that securities positions as per CDS records were not shared with all the relevant clients.

Upon enquiry, the Representative responded that QAS, including cash ledger statements and securities position as per back-office records, were transmitted to all its clients on a quarterly basis. The Representative further informed that Horizon Securities did not share the statement relating to 'securities position as per the CDS records' with the relevant clients to avoid duplication as the same information was transmitted by CDC to all the clients.

The Hearing Officer clarified that PSX Regulations 4.21 clearly requires all securities brokers to transmit QAS relating to cash ledger statements, securities positions as per back-office records, and securities positions as per CDS records to all the clients.

6. Subsequent to the hearing, Horizon Securities vide e-mails submitted various relevant information. The responses of Horizon Securities and the assessment of PSX are provided hereunder:

(a) **Deficiencies in CRFs/ AOFs and Sahulat Forms:**

As regard to the remaining one (01) CRF/ AOF, Horizon Securities submitted the same. Upon review of the submitted CRF/ AOF, PSX noted that it was not updated in relation to following:

(i) Points No. 1 to 14 of General Terms and Conditions annexed as Annexure-A to CRF;
(ii) Point No. 1 to 6 of Terms and Conditions for Opening and Operations of CDC Sub-Account annexed as Annexure-A to CRF; and
(iii) Certain Term and Conditions for Trading Account annexed as Annexure-A to CRF, were not updated.

As regard to the forty-three (43) clients which CRFs/ AOFs were not updated, Horizon Securities did not provide any information regarding dissemination of updated terms and conditions.

(b) **Non-collection of mandatory Margins:**

Horizon Securities provided the relevant information relating to clients' ledgers and UIN net demand of certain dates. Upon review of the submitted information, PSX noted the following:

(i) Eleven (11) out of thirty nine (39) selected clients had not executed any transaction and had debit balances during the Review Period;

(ii) As regard to remaining twenty-eight (28) clients, PSX selected random dates to verify the collection of margins and noted the following:

i. Only two (02) clients had credit balances;

ii. Six (06) clients' securities were deposited against the margin requirements; and

iii. The majority of the trades were executed in clients' accounts having debit balances and no margins were collected from these clients.

(c) **<u>Non-provision of evidence relating to the transmission of Quarterly Account Statements to clients:</u>**

With regard to non-transmission of the relevant statement relating to 'securities position as per CDS records' to all selected fifteen (15) clients, Horizon Securities did not provide any documentary evidence. This constitutes a violation of Clause 4.21 of the PSX Regulations.

7. Having considered the relevant facts and aspects in light of the above proceedings, the following non-compliances with the regulations were established on the part of Horizon Securities:

(a) Failure to update forty-four (44) CRFs/ AOFs as per the manner prescribed in Annexure-I to Chapter 4 of PSX Regulations;

(b) Failure to collect margins from clients as required under Clause 19.5 of PSX Regulations; and

(c) Failure to transmit the statement relating to 'Securities Positions as per CDS records' in QAS to fifteen (15) clients as required under Clause 4.21 of PSX Regulations.

8. Considering the relevant facts and aspects in light of the above proceedings, it has been established that Horizon Securities was found deficient in meeting certain regulatory requirements. Therefore, in exercise of powers conferred under PSX Regulations 20.5.2 and taking into consideration the relevant facts and circumstances and other factors as stipulated under clause 20.5.3 of PSX Regulations, Horizon Securities is hereby directed to comply with the following:

(a) Pay an aggregate fine of **PKR 147,500** within 30 days of this Order.

(b) Ensure to update and maintain CRFs/AOFs of the forty-four (44) clients or any other old client, as per the minimum requirements set out under the regulations of SECP and PSX.

(c) Ensure to collect margins from their clients in accordance with total Margin Requirements as prescribed by NCCPL.

(d) Ensure to transmit quarterly account statements to the clients, containing securities position as per CDS record as stipulated under Clause 4.21 of PSX Regulations.

(a) Remain vigilant in the future and ensure meticulous compliance with all applicable regulations at all times in letter and spirit.

<u>The fine should be paid by cheque/ pay order in favor of "Pakistan Stock Exchange Limited" within 30 days from the date of this Order.</u>

It must be noted that the compliance status of Horizon Securities shall be verified/re-assessed by the same Auditor under Limited Scope Audit (**LSA**) to confirm that the identified observations have been rectified and compliance with the above directions has been ensured subsequently.

This Order shall dispose of the above-discussed matters, if not subsequently highlighted as pending or unresolved in LSA. Moreover, it may be noted that the said Order is issued without prejudice to the right of PSX to initiate any enquiry, or special audit with expanded, restricted, or different scope to take any punitive action against Horizon Securities in accordance with the relevant Regulations on matters subsequently investigated or otherwise brought to the knowledge of PSX.

AJEET KUMAR
Chief Regulatory Officer

Announced:
July 06, 2026
Karachi.