



**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
NIC BUILDING BLUE AREA, ISLAMABAD**

Before the Joint Director (Securities Market Division)

In the matter of Show Cause Notices No. SMD/Co.62/3/2004-S dated January 23, 2006 and January 26, 2006 issued to Mr. Rana Mohammad Riaz under Section 18-A of the Securities and Exchange Ordinance, 1969 for submission of more than one application for subscription of shares of Pakistan Petroleum Ltd. (the Company) which were offered to the general public on July 19-22, 2004.

Date of hearing:

January 31, 2006

Present at hearing:

Representing the applicant:

- i. Rana Mohammad Riaz
- ii. Mr. Fayyaz Riaz (son of Rana Mohammad Riaz)

Assisting the Joint Director (SM):

- i. Ms. Asma Tayyiba

Deputy Director, CI

ORDER

1. The matter arises from the show causes notices No. SMD/Co.62/3/2004-S dated January 23, 2006 and January 26, 2006 issued by the Securities and Exchange Commission of Pakistan (the Commission) to Rana Muhammad Riaz, S/o Rana Muhammad Ibrahim, NIC No. 35202-2478341-1, address: House No. 41, Park Block, Allam Iqbal Town, Lahore.

2. Facts of the case are that Elixir Securities Pakistan (Pvt.) Ltd., Consultant to the Offer, on behalf of Pakistan Petroleum Limited (PPL) vide letter dated September 15, 2004 furnished to the Commission a list of cases of all those applicants which were detected by Sidat Hyder Morshed Associates (Pvt.) Limited (the balloters to the offer) as being filed in violation of Section 18A of the Securities and Exchange Ordinance, 1969, which stipulates that:

“(1) No person or any other person on his behalf shall make a fictitious application or submit more than one application for shares of companies offered to the public. (2) In case of contravention of the provisions of subsection (1), the application money shall be liable to confiscation.”

3. Mr. Rana Mohammad Riaz’s name appeared in the aforementioned list of multiple applicants. One application bearing No. 01-203-606 was submitted through Allied Bank of Pakistan Limited, Lahore Stock Exchange Branch, Lahore and the other application bearing No. 01-206-117 was submitted through Allied Bank of Pakistan Limited, Allama Iqbal Town Branch, Lahore (branch code No. 206). Both the applications were submitted under the same name with the same NIC number, father’s name and address but with different signatures.

4. The Commission called for a written explanation from vide letter dated October 06, 2004 at the address mentioned on the application forms i.e. House No. 41, Park Block, Allam Iqbal Town, Lahore. A reply dated October 14, 2004 was received wherein Mr. Rana Mohammad Riaz (Applicant No. 1) stated that he had submitted only one application No. 01-0206-117 through Allied Bank of Pakistan Limited, Allama Iqbal Town Branch, Lahore and that he did not file any other application in his name and requested for allotment of shares.

5. A letter dated December 6, 2004 was sent to the banker to the issue Allied Bank Limited, Lahore Stock Exchange Branch, Lahore, requesting them to deliver the Commission’s letter dated December 6, 2006 to Mr. Rana Muhammad Riaz (Applicant No. 2), holder of account No. 2511-2 with the bank, requiring him to explain why he had filed more than one application. No reply to the said letter was received.

6. In order to ascertain the factual position and to reach to a conclusion, the aforementioned show cause notices were issued and subsequently a hearing was held on January 31, 2006 at the Companies Registration Office, Lahore. During the course of the hearing, Rana Mohammad Riaz appeared in person stating that he submitted only one application No. 01-0206-117 through Allied Bank of Pakistan Limited, Allama Iqbal Town Branch, Lahore (ABL) using account No. 1722-5. In support of his arguments, he presented his original NIC and a letter from Allied Bank, Allama Iqbal Town Br. Lahore certifying that he is maintaining account No. 1722-5 with ABL since February 11, 2004. He also presented an affidavit duly attested by the Oath Commissioner, Lahore High Court stating and affirming that he had applied for PPL shares through application No. 01-206-117 using bank account No. 1722-5 maintained with Allied Bank, Allama Iqbal Town Br. Lahore and that he does not have any other bank account in any other branch of allied bank Limited. He requested the Commission for allotment of shares against application No. 01-0206-117.

7. I have considered the arguments presented before me by the Applicant No. 1. A perusal of the applications and correspondence exchanged in the matter reveals that these applications have been submitted by two different persons using the same NIC number, father's Name and address but with different Signatures. From the facts presented before me, it is evident that application No. 01-0206-117 submitted by Rana Mohammad Riaz through Allied Bank Limited, Allama Iqbal Town Branch, Lahore is genuine, hence the Offerer is advised to accept application No. 01-0206-117 submitted by Rana Mohammad Riaz and allot shares against the same.

8. The identity of applicant No. 1 has been established as Rana Mohammad Riaz appeared in person before me and since no one appeared before me in response to show cause notice No. SMD/Co.62/3/2004-S dated January 23, 2006, claiming Application No. 01-203-606 also filed in the name of Rana Mohammad Riaz bearing the address House No. 41, Park Block Allama Iqbal Town, Lahore, therefore, it is evident that application No. 01-203-606 is fictitious. Accordingly, the subscription money deposited against the said fictitious application be confiscated under subsection (2) of Section 18-A of Securities and Exchange Ordinance, 1969. Bank Alfalah Limited is advised to deposit the subscription money to be confiscated against application No. 01-203-606 in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib

Bank Limited within thirty days from the receipt of this Order and furnish the receipted challans to the Commission.

9. Further, the State Bank of Pakistan (SBP) is requested to investigate the opening of account No. 2511-2, in the name of Rana Mohammad Riaz in Allied Bank of Pakistan Ltd, Lahore Stock Exchange Branch, Lahore without conducting proper due diligence. Based on the findings of the investigation carried out, SBP is requested to take appropriate action against the concerned individuals/parties under intimation to this office.

Jahanara Sajjad Ahmad
Joint Director (Securities Market Division)

Announced:
March 28, 2006
Islamabad.