



**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. 62/2/2004-S dated January 23, 2006 and January 26, 2006 issued to Mr. Azhar Iqbal Chaudhry under Section 18-A of the Securities and Exchange Ordinance, 1969 for submission of more than one application for subscription of shares of Pakistan International Airlines Corporation Ltd. (the Company) which were offered to the general public on June 07-09, 2004.

Date of hearing:

January 31, 2006

Present at hearing:

Representing the applicant:

i. Mr. Azhar Iqbal Chaudhry

Assisting the Joint Director (SM):

i. Ms. Asma Tayyiba

Deputy Director, CI

ORDER

1. The matter arises from the show cause notices No. SMD/Co. Co.62/2/2004-S dated January 23, 2006 and January 26, 2006 issued by the Securities and Exchange Commission of Pakistan (the Commission) to Mr. Azhar Iqbal Chaudhry, S/o Chaudhry Nawab Khan, NIC No. 35201-8940674-7, address: House No. D-116, Phase-I, DHA, Lahore Cantt.

2. Facts of the case are that KASB Securities Ltd., Consultant to the Offer, on behalf of Pakistan International Airlines Corporation (PIAC) vide letter dated July 13, 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. Azhar Iqbal Chaudhry's name appeared in the aforementioned list of multiple applicants. One application bearing No. 12-406-21 was submitted through Prime Commercial Bank, LCCHS, Defence, Lahore and the other application bearing No. 06-926-92 submitted through Habib Bank Limited, Liberty Market Gulberg, Lahore.

4. The Commission called for a written explanation vide letter dated July 22, 2004 at the address mentioned at the application form i.e. House No. D-16, Phase-I, DHA, Lahore Cantt.

5. The Commission then sent a letter dated November 4, 2004 to the banker to the issue i.e. Prime Commercial Bank, LCCHS, Lahore (the Bank) requesting them to deliver the Commission's letter dated July 22, 2004 to Mr. Azhar Iqbal, holder of account number 06653414 at the Bank. However, no reply to these letters 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 hearing, Mr. Azhar Iqbal Chaudhry appeared in person. He stated that he is maintaining account with two banks namely Prime Commercial Bank LCCHS, Defence, Lahore and Habib Bank Limited, Liberty Market Gulberg, Lahore. He said that he signed the cheques from the respective banks and told his personal assistant (PA) to submit one

application using the cheque of the bank account in which there would be sufficient balance to pay the subscription money. His PA by mistake submitted that applications using both the signed cheques. He said that this mistake was unintentional and requested the Commission to condone his mistake as this was the first time he had submitted more than one application in his name.

7. I have considered the arguments presented before me by the applicant. A perusal of the applications and correspondence exchanged in the matter reveals that these applications have been submitted by the same person, however, since Mr. Azhar Iqbal Chaudhry has admitted to his mistake of filing more than one application in his name and keeping in view the Commission's policy of condoning such a mistake and observing leniency in such cases, the Privatization Commission is advised to refund the subscription money against both applications bearing No. 12-406-0021 and 06-926-0092 submitted by Mr. Azhar Iqbal Chaudhry through Prime Commercial Bank LCCHS, Defence, Lahore and Habib Bank Limited, Liberty Market Gulberg, Lahore respectively.

Jahanara Sajjad Ahmad
Joint Director (Securities Market Division)

Announced:
March 28, 2006
Islamabad.