



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division

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Before the Director (Securities Market Division)

In the matter of Show Cause Notice No. 1 (4) CSBM/MSW/SMD/2006 dated November 18, 2008 issued to Crescent Standard Business Management (Pvt.) Limited (presently known as Corporate Business Management (Pvt.) Limited), Mr. Mahmood Ahmed and Siyyid Tahir Nawazish under Section 15B of the Securities & Exchange Ordinance, 1969

Date of First Hearing: 2<sup>nd</sup> December, 2008

Present at first hearing:

(i) Siyyid Tahir Nawazish Ex-director Crescent Standard Business Management (Pvt.) Limited

Assisting the Director (SM):

(i) Mr. Muhammad Atif Hameed Deputy Director (SM)  
(ii) Mr. Ibrar Saeed Junior Executive (LAW)

Date of Second Hearing: 4<sup>th</sup> May, 2009

Present at second hearing:

(i) Mr. M. Javed Panni representing M/s Riaz Ahmad & Company, Chartered Accountants Liquidators of Corporate Business Management (Pvt.) Limited

Assisting the Director (SM):

(i) Mr. Muhammad Atif Hameed Deputy Director (SM)  
(ii) Mr. Raja Naeem Akbar Deputy Director (LAW)

ORDER

1. The present matter arises out of Show Cause Notice No. 1 (4) CSBM/MSW/SMD/2006 dated November 18, 2008 ("the SCN") issued by the Securities and Exchange Commission of Pakistan ("the Commission") to Crescent Standard Business Management (Private) Limited ("CSBM"), Mr. Mahmood Ahmed and Siyyid Tahir Nawazish both being former directors of CSBM.
2. Brief facts of this case are that on February 1, 2006, CSBM sold 20 million shares of Crescent Standard Investment Bank Limited ("CSIBL") [now merged into Innovative Housing Finance Limited and renamed as Innovative Investment Bank Limited] through First National Equities Limited to Javed Omar Vohra & Co. Limited ("JOV") @ Rs.12.00 per share and sold another 4.50 million shares to JOV on February 3, 2006 through Dossalani Securities @ Rs.11.98 per share. Both CSIBL and JOV were public listed companies. Moreover, CSIBL and CSBM were associated companies as Mr. Mahmood Ahmed was director of both CSBM and CSIBL. He also held the position



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of Chief Executive in both the said companies at the time of execution of aforementioned transactions.

3. On October 3, 2005, the Commission commenced inspection of books and accounts of CSIBL; and in November, 2005, communicated to the Board of Directors of CSIBL critical information regarding mismanagement of books and accounts and unauthorized transactions undertaken by CSIBL, as well as the poor financial condition of CSIBL, asking it to explain and clarify the same.
4. On November 28, 2005, the CSIBL Board of Directors held a meeting to discuss the findings of the Commission's inspection and the queries put forward to them for reply and clarification; and as of that date (if not earlier), all directors of CSIBL attending the said meeting (including Mr. Mahmood Ahmed as both director and chief executive) clearly came into possession of material non-public information regarding the frail and deteriorating financial condition of CSIBL. It may be mentioned that following CSIBL's Board decision taken in its aforementioned meeting of November 28, 2005 to merge the hitherto parallel books of accounts maintained separately in CSIBL and resultant consolidation of CSIBL's accounts, a major portion of its equity was wiped out.
5. Information regarding the abovementioned affairs of CSIBL was not generally available and while being in possession of such material non-public information regarding CSIBL, CSBM dealt in the securities of CSIBL and started selling its shareholding in CSIBL in early February 2006, importantly making the aforementioned transactions of sale of CSIBL shares to JOV totaling 24.5 million shares as stated in paragraph 2 above.
6. After the sale of shares to JOV, the price of CSIBL share materially dropped as the abovementioned information regarding CSIBL's affairs became public. It was thus apparent that on the basis of unpublished price-sensitive information, CSBM dealt in CSIBL securities and managed to cause JOV to purchase CSIBL securities from CSBM thereby itself avoiding loss and causing the same to JOV. This acts of CSBM fell within the ambit of insider trading defined and proscribed by Chapter III-A of the Securities and Exchange Ordinance, 1969 ("the Ordinance").
7. In light of the foregoing, on April 5, 2006, Show Cause Notices ("SCN 2006") was issued by Executive Director, Securities Market Division ("ED-SMD") under section 15B of the Ordinance to the Board of Directors of CSBM comprising of only two directors, namely, Mr. Mahmood Ahmed and Siyyid Tahir Nawazish, which summed up the allegations against CSBM in the following manner:
  - "a) CSBM sold securities of CSIBL while being associated with CSIBL through common director and in possession of material non-public information related to CSIBL;
  - b) CSBM sold to JOV 24.5 million shares at Rupees 12.00 and 11.98 per share on February 1 and 3, 2006, respectively, and the share price of CSIBL declined to Rupees 8.00 per share on March 13, 2006; and
  - c) CSBM, by acting on material non-public information, illegally caused JOV to deal in securities of CSIBL in violation of section 15A of the Ordinance, thus avoided a loss and inflicted loss on JOV and its shareholders."



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8. The hearings in the matter of SCN 2006 were held on May 8, 2006, May 29, 2006 and June 15, 2006 and order was passed by ED-SMD on June 22, 2006 wherein ED-SMD concluded that:
- a. *Mr. Mahmood Ahmed, being director and chief executive of CSIBL, was clearly associated with CSIBL. In the like manner, Siyyid Tahir Nawazish being an adviser of the Chief Executive Officer of CSIBL was also associated with CSIBL. In any case, by virtue of Mr. Mahmood Ahmed being a director and chief executive of both CSIBL and CSBM, the said two companies were associated companies of each other. As such, both Mr. Mahmood Ahmed and Siyyid Tahir Nawazish, being chief executive/director of CSBM would be deemed to be associated with CSIBL as per Explanation to section 15A of the Ordinance.*
  - b. *Their association with CSIBL continued till the very time when the transactions in question took place on February 1 and 3, 2006.*
  - c. *They were in possession of material non-public information regarding CSIBL. While Mr. Mahmood Ahmed was clearly in such possession, circumstances and conduct of Siyyid Tahir Nawazish overwhelmingly indicate the latter's knowledge of the same information.*
  - d. *The said material non-public information regarding CSIBL could be rightly categorized as unpublished price-sensitive information as, firstly, it was not generally available up until after the transactions in question took place; and, secondly, by its contents and nature, it would in all likelihood, and it in fact did, materially adversely affect the price of CSIBL shares.*
  - e. *Based on the aforementioned unpublished price-sensitive information regarding CSIBL, Mr. Mahmood Ahmed and Siyyid Tahir Nawazish, acting for and on behalf of CSBM, dealt in the CSIBL securities/shares by selling the same to JOV and caused JOV to also deal in CSIBL securities/shares by purchasing the same from CSBM.*
  - f. *The aforementioned dealing in CSIBL securities enabled CSBM to avoid loss on account of decrease in CSIBL share price after the transactions in question took place and resulted in loss to JOV.*
  - g. *Both members of the Board of Directors of CSBM, namely, Mr. Mahmood Ahmed and Siyyid Tahir Nawazish, who were issued SCN by me have failed to satisfy me that their aforementioned dealing in CSIBL securities was not made with the intent of making any profit or causing a loss to any person or company or that such dealing was in good faith in discharge of their legal responsibilities.*

ED-SMD vide the said order penalized CSBM by ordering it to pay a sum of Rs. 182.435 million to JOVC, being the amount of loss suffered by JOVC as of the date of the order.

9. CSBM filed appeal before the Appellate Bench of the Commission against the order of ED-SMD wherein it took the stance that ED-SMD did not provide it with an opportunity of hearing before passing order against it. CSBM stated that ED-SMD issued Show Cause Notices to only Mr. Mahmood Ahmed and Siyyid Tahir Nawazish who were its directors at the time of sale of CSIBL shares; however, by the time of issuance of order by ED-SMD they had resigned from directorship of the company. After listening to the objections of the CSBM Appellate Bench of the Commission vide its order dated March 7, 2008 remanded back the case to SMD and advised to issue show cause notice to CSBM and provide it with an opportunity of hearing.



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10. In compliance with the order of the Appellate Bench of the Commission, the SCN was issued to CSBM, Mr. Mahmood Ahmed and Siyyid Tahir Nawazish and date of hearing was fixed for December 02, 2008. However, on the date of hearing only Siyyid Tahir Nawazish appeared and no one appeared on behalf of CSBM and Mr. Mahmood Ahmed.
11. During the hearing Mr. Tahir Nawazish made the following assertions:
  - i) I had no knowledge of sale of shares by CSBM to JOV at the time of sale of shares and only came to know of the transaction later on. I was not involved in sale and purchase of CSIBL shares. The sale deed did not contain my signature. I only authorized release of shares of CSIBL by CSBM as CSBM had received the sales proceeds from JOV. No one lost or gained from the transaction. It was a transparent flow of money.
  - ii) It is not insider trading and I made no personal gain from this transaction. To me the transaction was just to utilize funds of one company for another company.
12. Since no one appeared from CSBM and latest address of CSBM could not be confirmed, therefore, scrutiny was done regarding whereabouts of the company and it was found out that CSBM has changed its name to Corporate Business Management (Pvt.) Limited ("CBML") on December 19, 2007. Therefore, SCN was sent to CBML and Mr. Mahmood Ahmed vide letters dated December 5, 2008 and date of hearing was fixed for December 29, 2008. However, again no one appeared on behalf of CBML and Mr. Mahmood Ahmed on the date of hearing.
13. The matter was probed further and it was found out that CBML has filed for voluntary winding up and Riaz Ahmed & Company, Chartered Accountants ("RAC") had been appointed as its liquidator. Therefore, in compliance of the Appellate Bench Order dated March 07, 2008 the SCN was again served on CBML through RAC and Mr. Mahmood Ahmed on December 31, 2008.
14. RAC vide its letter dated January 5, 2009 submitted its reply to the SCN wherein it stated that CBML stands dissolved and it is no longer liquidator of the company.
15. In reply to the SCN Mr. Mahmood Ahmed submitted his reply which was received in this office on January 12, 2009 wherein he stated that the Order of the Appellate Bench of the Commission required that Show Cause Notice should be issued only to CBML. He further stated that he has already stated his position by making representation through his lawyer in the case and has nothing to add in the matter. He further stated that he has right to explain his position on the stance taken by the CBML on the issue.
16. Commission vide its letter dated April 3, 2009 informed RAC that Certificate of Voluntary Winding-up under section 370 of the Companies Ordinance, 1984 ("CO, 1984") has not been issued to CBML by the Registrar of Companies. Therefore, CBML still exists under the provisions of the CO, 1984 and CBML is represented by RAC since its appointment as liquidator of CBML. RAC was again asked to appear for a hearing on April 27, 2009. RAC vide letter dated April 8, 2009 informed the Commission that it has appointed Mr. Javed Panni ("the Representative") to represent it in the hearing. On the request of the Representative the date of hearing



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was rescheduled for May 4, 2009. The date of hearing was also intimated to Mr. Mahmood Ahmed and Mr. Tahir Nawazish. However, Mr. Mahmood Ahmed vide his email and fax dated May 3, 2009 stated that he has already given his stance in his letter dated January 9, 2009. Further, Mr. Tahir Nawazish vide letter dated April 30, 2009 stated that he would not be able to attend the hearing due to his preoccupation.

17. On May 4, 2009 the hearing was attended by the Representative. RAC vide its letter dated January 05, 2009 and May 13, 2009 and the Representative during the hearing made the following assertions:

- (i) The Representative insisted that liquidation proceedings were completed before the issuance of the SCN.
- (ii) The Representative asserted that at the time of RAC's appointment as liquidator it was not informed about the Appellate Bench order. Further, the Representative stated that RAC can not justify or comment on the transaction mentioned in the SCN and the liquidator has nothing to do with the SCN as contents explained in the SCN were not brought to the notice of liquidator during liquidation proceedings.
- (iii) RAC in its written reply and during the hearing through the Representative asserted that Section 370(6) of the CO 1984 states that registration of documents is to be carried out by the Registrar and on the expiration of three months from the registration of documents the company shall deemed to be dissolved. Since the word deemed has been used in the section, the Registrar has not to issue Certificate of Winding up. The company stands dissolved/wound up.
- (iv) In its written reply RAC stated that final meeting of the members of the company was held on September 27, 2008 and resolved unanimously as follows:

*"The liquidation proceedings of the CBML be and is hereby completed and the company stands dissolved with effect from September 27, 2008".*

- (v) RAC in its written reply further stated that all required documents were filed with the Registrar of Companies on or before September 29, 2008. The registrar is bound to complete the scrutiny within a reasonable period (two or three weeks) and intimate shortcomings. As there was no communication from the Registrar it is deemed that the scrutiny has been completed and the company stands wound-up voluntarily under the CO 1984.
  - (vi) With regard to the proceeding held at Honorable Lahore High Court in the matter of Inspection Order issued by the Registrar of Companies of the Commission dated May 19, 2008 against CBML, RAC in its written reply stated that it was not aware of such proceedings.
18. Having perused the reply and written submissions made by RAC and its Representative, Siyyid Tahir Nawazish and Mr. Mahmood Ahmed my comments on the same are given below:
- i) Mr. Mahmood Ahmed in his written reply stated that he had already taken a position by making representation through his lawyer in the case and thereafter in the Appellate Bench of the Commission and has nothing more to



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add in the matter. However, he stated that he reserves a right to explain his position on the stance taken by the CBML. Since during the hearing or through its written reply RAC on behalf of CBML has not taken any stance regarding the transactions mentioned in the SCN therefore, Mr. Mahmood Ahmed assertions that were made during hearing before the ED-SMD still stands and same are addressed point wise in para 19 below.

- ii) The assertions made by Siyyid Tahir Nawazish during the hearing are same as assertions made by him before ED-SMD and are point wise addressed in para 19 below.
- iii) The assertions made by RAC and the Representative in writing and during the course of hearing on behalf of CBML are addressed as below:

i) With regard to the Representative's statement that the liquidation proceedings were completed before the issue of SCN it is agreed that the liquidator had submitted the required documents to the Registrar of Companies before the issue of SCN. However, it may be noted that a company is not dissolved till the Registrar of Companies, after scrutiny of the documents registers the same and only after expiry of three months from the date of registration the company stands dissolved. However, in CBML case the Registrar has not yet registered the documents submitted by the RAC and same are still under scrutiny.

ii) With regard to the Representative's assertion that RAC can not comment on the transactions mentioned in the SCN it may be noted that since appointment as the liquidator, RAC is representing the company. In this connection section 402 of the CO, 1984 states that

*"... from the date of appointment of the winding up of a company, the official liquidator or the liquidator shall be deemed to have taken the place of the directors, chief executive and managing agent of the company, as the case may be".*

RAC being liquidator of CBML is acting as management of the CBML therefore SCN was served on RAC. Since the Representative stated that RAC on behalf of CBML has nothing to state in the matter of SCN therefore, the company has not taken any stance against the SCN.

iii) The Representative's assertion that RAC was not informed about the Appellate Bench Order it may be noted that same does not absolve the CBML from the violation mentioned in the SCN. The SCN was issued to CBML through RAC as it, being the liquidator of the CBML, was representing the management of CBML.

iv) The RAC's assertion that it has nothing to do with the SCN as same was brought to the knowledge of RAC during the liquidation proceeding is not true. As stated in section 402 of the CO, 1984, reproduced in para (ii) above, RAC is currently representing the management of the CBML and it is its duty to defend CBML in the



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matter of SCN.

- v) The RAC's assertion that CBML stands dissolved from September 27, 2008 is also not true in this connection section 370(6) of CO 1984 is reproduced here as under:

*"The registrar, on receiving the report and account and either the report mentioned, in sub-section (4) of the return mentioned in sub-section (5), shall such scrutiny as he deem fit, register them, and on the expiration of three months from such registration, the company shall be deemed to be dissolved"*

As it is obvious from the above that a company is dissolved only after three months of registration of documents which is done after the scrutiny of documents by the Registrar of Companies. Therefore, in case of CBML the Registrar of Companies has not registered the documents and same were still under scrutiny when the SCN was issued. Further, till the date of this order the Registrar of Companies has not registered the documents submitted by RAC. Therefore it is clear that CBML is still not dissolved and is still a legal entity.

- vi) The RAC's interpretation of the section 370(6) of the CO, 1984 and the word "deemed" mentioned in the said section in its letter clearly shows that RAC has misinterpreted the same. A simple review of the said section clearly shows that a company is dissolved only after three months of registration of documents by the Registrar of Companies and the company is deemed dissolved only after the registration of documents by the Registrar of Companies. Since the Registrar of Companies has not registered the documents submitted by the liquidator and same are still being scrutinized therefore, the period of three months has not yet started and CBML does not stand dissolved.
- vii) The RAC assertion that Registrar of Companies has to scrutinize the documents with in reasonable time i.e. two or three weeks, it may be noted that section 370(6) does not prescribe a reasonable time to scrutinize the documents. Therefore, in absence of prescribed time frame the Registrar of Companies can take as much time to scrutinize the documents as it deems fit. Further, the assertion of RAC that since the Registrar of Companies had not intimated any short coming in the documents therefore, it is deemed that scrutiny has been completed and company stands windup is not true. As stated above the Registrar of Companies after scrutiny of the documents has to register the same in its records and since the scrutiny of the documents has not been completed and the documents have not been registered therefore, CBML still exists and is not dissolved.
- viii) Further, with regard to the RAC comments regarding the legal proceedings pending before the Honorable Lahore High Court against the inspection order of the Registrar of Companies it may be noted that it was the duty of the management of CBML to inform the liquidator about all the legal proceeding pending before the court.



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Further, it was also noted that in spite of initiation of winding up proceedings of CBML the Legal Council appeared on behalf CBML before the court. Hence, the question arises that if the liquidator was not aware of the legal proceeding who was instructing the legal council to appear on behalf of the company. However, failure on part of management to inform liquidator about the pending legal proceedings does not absolve the company from the violation of law.

19. In absence of any new assertions made by Mr. Mahmood Ahmed and Siyyid Tahir Nawazish in reply to the SCN, their assertions made before the ED-SMD were considered and same are point wise addressed below:

- i) In their written reply to the ED-SMD Show Cause Notice both Mr. Mahmood Ahmed and Siyyid Tahir Nawazish asserted that JOV has not made any demand or raised any claim against CBML. In this connection it may be noted that section 15 A read with section 15 B of the Ordinance does not made it mandatory that proceedings under the said section may only be taken if some one files a compliant. The Commission is empowered to take any action under the said section on its own discretion. Securities and Exchange Commission of Pakistan Act, 1997 ("the Act") empowers the Commission to take necessary steps to ensure investors interests and prevent such activities which are detrimental to the investor's interests. It may further be noted that JOV is a public listed company and sale of shares of CSIBL by CBML to JOV based on insider information caused a loss to the JOV and the Commission in the interest of the shareholders of JOV initiated action against CBML and its directors. Therefore, the abovementioned assertion by Mr. Mahmood Ahmed and Siyyid Tahir Nawazish does not hold true.
- ii) In their written reply Mr. Mahmood Ahmed and Siyyid Tahir Nawazish asserted that no evidence in respect of the allegations made in the ED-SMD Show Cause Notice were made available to the CBML directors. However, they did not pinpoint any specific evidence lacking against them in their written replies or during course of hearing. Further, it may be noted that during the hearings and in their written reply both Mr. Mahmood Ahmed and Siyyid Tahir Nawazish did not provide any evidence which could prove that they were not involved in the transactions in question or same were made without insider information available to Mr. Mahmood Ahmed. Therefore, keeping in view the aforesaid the objection raised on behalf of CBML directors cannot be sustained.
- iii) In their written reply Mr. Mahmood Ahmed and Siyyid Tahir Nawazish also emphasized that the transactions in question were made in accordance with law and all legal formalities were completed. In this regard it may be noted that any illegal activity can not be made legal just by completing legal formalities regarding the transactions. It is evident from the record that Mr. Mahmood Ahmed had insider information about the frail financial condition of CSIBL and based on this information he being the Chief Executive of CBML sold shares of





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CSIBL held by CBML to JOV which is public listed company and caused loss to the shareholders of the JOV. Further, the completion of any legal formalities regarding any transaction does not legitimize execution of any illegal transaction. Based on aforementioned the assertion made by Mr. Mahmood Ahmed and Siyyid Tahir Nawazish regarding legality of transactions in question does not hold true.

- iv) In their written reply Mr. Mahmood Ahmed and Mr. Tahir Nawazish stated that the transactions in question were not made with the intent of making profit or causing a loss to any one and were made at an arms length and in good faith. However, no concert argument was given in support of said assertion. It is evident from the record that Mr. Mahmood Ahmed being the Chief Executive of the CSIBL had material non public information about the frail financial condition of the CSIBL and the volume of transaction and the execution of two transactions for sale of CSIBL shares to JOV show that same were done in haste. I did not find any concrete argument that would negate this notion that trades in question were executed in order to avoid loss and based on insider information that Mr. Mahmood Ahmed had.
- v) Mr. Mahmood Ahmed and Mr. Tahir Nawazish also asserted that the price decline in the shares of CSIBL was recorded after a period of approximately 40 days had lapsed since sale of shares to JOV and the loss sustained by JOV was a result of normal market activity and same can not be attributed to the Board of Directors CBML in any way. In this connection I have reviewed the price pattern of CSIBL shares from February, 2006 to June 2006 and it was observed that from February 3, 2006 to April 14, 2006 (46 trading sessions) the price of the CSIBL scrip fell from Rs. 12.85 to Rs. 8.70 i.e a decrease of Rs. 4.15. On April 15, 2006 an article was published in the news paper regarding finding of the inspection of CSIBL by the Commission and frail financial condition of CSIBL. From April 17, 2006 the scrip price started to fall again and by May 18, 2006 (23 trading sessions) the price had fallen to Rs. 3.85 i.e a decrease of Rs. 4.85. Therefore, it can be ascertained that decrease in price of CSIBL shares from Rs. 12.85 to Rs. 8.70 can not be attributed to the material non public information available with the Board of Directors of CBML and same was due to market forces. However, subsequent fall of share price from Rs. 8.70 to Rs. 4.15 was due to material non public information available with the Board of Directors of CBML when an article was published in the news paper regarding frail financial condition of the CSIBL and finding of the Commission's inspection. However, it is an established fact that Mr. Mahmood Ahmed was in possession of material non public information about CSIBL and based on this he hastily disposed off shares of CSIBL held by CBML, however, he knew that selling of such a huge number of shares in market will depress the market price of the shares resulting in loss to CBML, therefore, he in collusion with Siyyid Tahir Nawazish who was Chief Executive of JOV sold the shares of CSIBL to JOV. Subsequently when the material non public information was made public the loss was sustained by JOV and ultimately by its shareholders.



20. Keeping in view the abovementioned contentions of Siyyid Tahir Nawazish, Mr. Mahmood Ahmed and Representative of the Liquidator of CBML and after carefully examining the record, I have reached at the following conclusion:
- a. CBML has not been dissolved and exists as a legal entity and order against CBML can be passed.
  - b. Mr. Mahmood Ahmed and Siyyid Tahir Nawazish were in possession of material non-public information regarding CSIBL. While Mr. Mahmood Ahmed was clearly in such possession, circumstances and conduct of Siyyid Tahir Nawazish overwhelmingly indicate the latter's knowledge of the same information.
  - e. The material non-public information regarding frail financial condition of CSIBL was unpublished price-sensitive information and was available with the Directors of CBML and material enough to have adverse affect on the price of CSIBL shares.
  - f. Based on the aforementioned unpublished price-sensitive information regarding CSIBL, Mr. Mahmood Ahmed and Siyyid Tahir Nawazish, acted for and on behalf of CBML, dealt in the CSIBL securities/shares by selling the same to JOV and caused JOV to also deal in CSIBL securities/shares by purchasing the same from CBML.
  - g. The aforementioned dealing in CSIBL securities enabled CBML to avoid loss on account of decrease in CSIBL share price after the transactions in question took place and resulted in loss to JOV.
  - h. In their assertions made in response to the SCN both members of the Board of Directors of CBML, namely, Mr. Mahmood Ahmed and Siyyid Tahir Nawazish, have failed to satisfy me that their aforementioned dealing in CSIBL securities was not made with the intent of making any profit or avoiding loss or causing a loss to any person or company or that such dealing was in good faith in discharge of their legal responsibilities.
21. In view of the foregoing, I am of the considered opinion that CBML has indulged in insider trading in contravention of section 15A of the Ordinance. Now, the question arises that how much amount should CBML pay to JOV as compensation for loss suffering by JOV due to sale of CSIBL shares or the loss avoided by CBML. In this connection it may be noted that information regarding frail financial condition of CSIBL and findings of the Commission's inspection report were made public on April 15, 2006 and if the Directors of CBML had not been in knowledge of the CSIBL financial conditions they would have started selling the shares in the market from April 15, 2006. The trading data of CSIBL shows that if CBML had started selling shares from April 15, 2006 it would have taken it at least 113 trading session i.e till September 22, 2006 to sell 24.50 million shares. If we calculate the weighted average price of the CSIBL scrip based on daily traded volume and closing price from April 17, 2006 to September 22, 2006 it comes to Rs. 4.83. Therefore, from the aforesaid it may be ascertained that if CBML had tried to sell 24.50 million shares of CSIBL in the market from April 15, 2006 it would have sold the shares at an average price of Rs. 4.83. Thus CBML by selling the shares of CSIBL avoided loss of at least Rs. 174.575 million i.e  $(Rs. 12 - Rs. 4.83) \times 20.00$  million shares +  $(Rs. 11.98 - Rs. 4.83) \times 4.50$  million shares.



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22. Now, therefore, based on the abovementioned and in exercise of the powers under sub-section (3) of section 15B of the Ordinance I hereby direct CBML, through its liquidator RAC, to forthwith, but in any case not later than 30 days of the issuance of this order, compensate under intimation to the Commission along with necessary evidence, a sum of Rs 174,575,000 (Rs. One hundred seventy four million five hundred seventy five thousand only) in aggregate as per the following working to JOV:

$(12.00 - 4.83) \times 20.00$ million shares	=	Rs. 143.400 million
$(11.98 - 4.83) \times 4.50$ million shares	=	Rs 31.175 million
Total	=	Rs 174.575 million

23. This Order is issued without prejudice to any other action or prosecution that the Commission may initiate against CBML, its directors, officers or any other person in the matter or matters subsequently investigated or otherwise brought to the knowledge of the Commission.

(Imran Inayat Butt)  
Director (Securities Market)

Announced on September 10, 2009  
Islamabad