



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

Before the Commissioner (Securities Market Division)

In the matter of Show Cause Notice No.SMD/Co.62/3/2004-S dated September 23, 2005 issued to Mohammad Arsalan 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” and/or “PPL”) which were offered to the general public on July 19-22, 2004.

Date of hearing:

September 28, 2005

Present at hearing:

Representing the applicant:

- i. Mr. Mohammad Arsalan
- ii. Mr. Ahmed Nabi (Representing Mohammad Arsalan)

Assisting the Commissioner (SM):

- i. Ms. Jahanara Sajjad Ahmad,
- ii. Mr. Amir M. Khan Afridi,
- iii. Mr. Muhammad Saeed Rana,

Joint Director, CI

Joint Director , CI

Junior Executive, CI

ORDER

1. The matter arises from the show cause notice No.SMD/Co.62/3/2004-S dated September 23, 2005 issued by the Securities and Exchange Commission of Pakistan (the Commission) to (i) Mr. Mohammad Arsalan s/o Abdul Rehman, NIC No.37401-1473489-9, address: KASB Securities Ltd, Razia Sharif Plaza, Blue Area, Islamabad (the applicant) and (ii) Mr.

Mohammad Arsalan s/o Abdul Rehman NIC No.37401-1473489-9, address: House 27-Sarwar Road, 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. It was observed that Mr. Mohammad Arsalan’s case was also detected as a multiple applicant case, as his name was also appearing in the aforementioned list of multiple applicants. Further, it was observed that one application bearing No. 10-08-187 was submitted through KASB Bank Ltd., Razia Sharif Plaza, Blue Area Branch, Islamabad and the other application bearing No.01-203-2066 was submitted through Allied Bank Ltd, Lahore Stock Exchange Branch, Lahore.
4. The Commission called for a written explanation of the applicant vide letter dated October 06, 2004 at the address mentioned in application No.10-08-187 i.e. KASB Securities (Pvt.) Limited, Razia Sharif Plaza, 90-91, Blue Area, Islamabad. The applicant vide his letter dated October 10, 2004, replied that he had submitted only one application through KASB Bank Ltd., Islamabad and requested for allotment of shares in his CDC sub-account No.28728.
5. In order to ascertain the factual position, written explanation vide Commission’s letter dated November 26, 2004 was sought from the applicant bearing application No.01-203-2066 at the address mentioned in the application at 27-Sawar Road, Lahore-Cantt. The same was returned back undelivered.
6. In the meanwhile, on March 30, 2005, the Commission then sent a copy of the letter dated November 26, 2004 to the Bank Manager of Allied Bank Limited, Lahore Stock Exchange Branch, Lahore (the Bank) through which the said application was filed, requesting the Bank

to forward the said letter to the applicant who submitted application No.01-203-2066. However, no reply has been provided to this office till date.

7. During the course of hearing, it was stated by the applicant that he is working in KASB Securities Limited, Islamabad. He further said that he submitted only one application through KASB Bank Ltd, Razia Sharif Plaza Branch, Islamabad and had no knowledge of the other application submitted through Allied Bank Ltd, Lahore Stock Exchange Branch, Lahore, using account No.3134-3 which was opened and operated without his knowledge and consent. It was stated by the applicant that opening of the fictitious account was a matter of concern for him and that he had lodged a complaint vide his letter dated September 26, 2005 with Allied Bank of Pakistan, Karachi asking them to investigate the opening of the fictitious account No.3134-3 maintained at Allied Bank Limited, Lahore Stock Exchange Branch, Lahore. The applicant presented his original NIC and the letter of complaint addressed to Allied Bank Limited in support of his arguments that he is Mr. Mohammad Arsalan and is the genuine applicant bearing application No. 10-08-187. He requested for the allotment of shares against his application.
8. 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 two different persons using the same NIC number and Father's Name but with different addresses & signatures. From the facts presented before me, it is evident that application No. 10-08-187 submitted by Mr. Mohammad Arsalan through KASB Bank Ltd., Razia Sharif Plaza Branch, Islamabad is genuine, hence Privatisation Commission (the Offerer) may be advised to allot shares against application No.10-08-187 submitted by Mr. Mohammad Arsalan through KASB Bank Ltd., Razia Sharif Branch, Islamabad, as the same was declared successful and detected in post ballot scrutiny.
9. Since no one appeared before me in response to show cause notice No.SMD/Co.62/3/2004-S dated September 23, 2005, claiming Application No.01-203-2066 also filed in the name of Mr. Mohammad Arsalan bearing the address 27-Sarwar Road, Lahore, hence, the same 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. The Offerer is advised to deposit the subscription money confiscated

against application No.01-203-2066 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 receipted challans to the Commission.

10. Further, the State Bank of Pakistan (SBP) is requested to investigate the opening of account No. 3134-3, in the name of Mr. Mohammad Arsalan by Allied Bank Ltd, Lahore Stock Exchange Branch, Lahore without conducting proper due diligence and to take appropriate action against the concerned bank official(s)/individual(s).

Shahid Ghaffar
Commissioner (Securities Market)

Announced:
October 04, 2005,
Islamabad.