



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

April 13, 2012

**The President/Chief Executive Officer,**  
Faysal Bank Limited,  
Faysal House, ST-02,  
Shahrah-e-Faisal,  
Karachi.

**SUBJECT: PROHIBITORY ORDER UNDER SECTION 20 OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969**

1. **WHEREAS** it is observed from the examination of the trading data of Karachi Stock Exchange (“KSE”) that Faysal Bank Limited (“FABL”) traded extensively in relatively illiquid/thinly traded scrips (“Scrips”) before the end of the financial reporting periods ending June 30, 2011 and December 31, 2011. It was further observed that trading activity by FABL contributed significantly to movement in prices of the Scrips and the KSE – 100 index. The scrip wise price movement during June review period (i.e. June 1, 2011 to June 30, 2011) and December review period (i.e. December 19, 2011 to December 31, 2011) along with comparison of the price after a months’ time of FABL’s trading activity is tabulated in Table I and Table II below:

Table I

Sr.	Scrip	Price 01-Jun-11	Price 30-Jun-11	Change %	Price 29-Jul-11	Change %
1	Bata Pakistan Limited	506.13	614.02	21.31%	657.82	7%
2	Hino Pakistan Limited	86.44	115.43	33.53%	111.27	(4)%
3	Habib Metropolitan Bank	17.78	21.77	22.44%	18.85	(13)%
4	Indus Dying & Manufacturing	317.27	381.47	20.23%	340.46	(10.75)%
5	Nestle Pakistan Limited	3,389.81	5,475.09	61.51%	4,201.58	(23.26)%
6	Siemens Engineering	993.19	1,084.21	9.16%	1,036.08	(4.44)%
7	Service Industries Limited	175.07	196.10	12.01%	192.11	(2)%
8	Wyeth Pakistan Limited	816	987	20.96%	987	(0)%

Table II

Sr.	Scrip	Price on 19-Dec-11	Price 30-Dec-11	Change %	Price 31-Jan-12	Change %
1	Nestle Pakistan Limited	2,228.27	3,597.11	61.14%	3,177.74	(11.66)%
2	International Industries	26.53	38.01	43.27%	31.25	(17.78)%



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Securities Market Division  
(Market Supervision and Capital Issues Department)

Continuation Sheet - 1 -

Sr.	Scrip	Price on 19-Dec-11	Price 30-Dec-11	Change %	Price 31-Jan-12	Change %
3	Dawood Hercules Corp	29.70	42.39	42.72%	37.70	(11.06)%
4	Siemens Engineering Pakistan	743.33	1,056.75	42.16%	865.00	(18.14)%
5	Wyeth Pakistan Limited	653.12	819.95	25.54%	711.01	(13.28)%
6	Ferozson Laboratories	71.08	81.99	15.35%	73.16	(10.77)%
7	Al-Ghazi Tractors Limited	169.73	192.84	13.62%	175.04	(9.23)%
8	Fazal Textile Mills Limited	234.86	246.60	4.99%	243.35	(1.32)%

2. **WHEREAS**, the Commission vide letter dated February 10, 2012 required FABL to explain the reason of investment in the Scrips during the review periods. FABL, in its response dated March 12, 2012 communicated that investment in the Scrips was made on the basis of research reports issued by Equity Capital Market Department of FABL.
3. **WHEREAS**, examination of FABL's reply in reference to the June review period transpires that:
- the research report for the scrip of Bata Pakistan Limited was issued on June 10, 2011 and FABL on the same date bought 10,000 shares (80.67% of the scrip's total volume during June review period);
  - the research report for the scrip of Hino Pakistan Limited was issued on June 10, 2011 and FABL bought 6,623 shares (64.59% of the scrip's total volume during June review period) during last four days of the June review period;
  - the research report for the scrip of Habib Metropolitan Bank Limited was issued on June 10, 2011; FABL bought 55,570 shares on June 3, 2011 (7 days earlier to the issuance of research report), and 6.085 million shares during June 21 to June 30, 2011; FABL's trading activity constituted 75.31% of the scrip's total volume during June review period;
  - the research report of Indus Dying and Manufacturing Company Limited was issued on June 27, 2011 which recommended "buy" and FABL, in contrary, on June 28, 2011 sold 47,069 shares (75.91% of the scrip's total volume during June review period);
  - the research report for the scrip of Nestle Pakistan Limited ("**Nestle**") was issued on May 25, 2011 and FABL sold 202 shares during May 2011; and bought 4,685 shares and sold

