



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

***PRESS RELEASE***

***FOR IMMEDIATE RELEASE***

No. PR/MCCD/2014-15

## **Criminal proceedings against YS Securities initiated**

**ISLAMABAD, February 12:** The Securities and Exchange Commission of Pakistan has filed a criminal complaint in the court of an additional sessions judge, Lahore, against Farooq Younas Khan, director/chief executive, Muhammad Junaid Ahmed, director, and Muhammad Zulsham Younas Khan Sherwani, former director, of the YS Securities and Services (Private) Limited, a former member of the Lahore Stock Exchange.

The complaint has been filed under Section 28 of the 1997 Central Depositories Act and Section 32(5) of the 1997 Securities and Exchange Commission of Pakistan Act, 1997. After examining documentary evidence and recording of the witness statement, the court has summoned the accused for February 22, 2014.

The SECP received numerous complaints against the YS regarding non-payment of funds, non-transfer of shares and closure of its offices without any notice to the LSE. Taking cognizance of the matter, the SECP directed the LSE to take appropriate action against the accused. The governing board of directors of the LSE suspended trading rights of the YS on April 9, 2012, with immediate effect. Subsequently, the board terminated its membership with effect from April 23, 2012.

In exercise of the powers under Section 21 of the Securities and Exchange Ordinance, 1969, read with Section 29 of the SECP Act, the SECP ordered an enquiry against the YS on May 11, 2012, and assigned officers to look into the matter. Moreover, SECP forwarded the names of the accused to the relevant authorities to be placed on exist control list.

The enquiry report established the fact that the accused did not conduct trading in the clients' accounts despite receipt of the payments from them. The accused provided false statements to its clients and dishonestly showed their respective shares as "available", however as per the CDC's record, the said shares were not available in investors' accounts.

The accused also moved shares from clients' CDC-sub-accounts to benami accounts without their authorization, and subsequently misappropriated them in violation of Section 24 of the 1997 CD Act. Furthermore, the accused failed to provide the record and appear before the enquiry team, despite repeated notices issued by the enquiry team under Section 21 of the ordinance and under Section 32 of the SECP Act. As per the enquiry report, 984 complaints/claims of Rs342, 706,769 were filed against the YS with the LSE and the SECP.

Apart from the above, the SECP has also forwarded case to the NAB for action against the accused, and is also providing full assistance to the NAB in this regard.