

Press Release

SECP Launches Investigation in Stock Market Manipulation

Islamabad – June 9, 2006: The Securities and Exchange Commission of Pakistan (SECP) has been monitoring the stock market movement and trading data for the past two weeks. Prima Facie evidence indicates that some brokers may have indulged in manipulative practices. Manipulation could be on account of:

- Blank selling
- Short selling beyond permitted limits
- Misuse of CFS Financed shares; i.e. not keeping same in separate CDC Accounts
- Wash trades designed to drive prices down.

SECP views such actions on the part of unscrupulous elements very seriously, and reiterates that these will not be tolerated.

With a view to checking such malpractices that keep cropping up with regular intervals, SECP has decided to launch a determined investigation against delinquent brokers. A four man team has already reached KSE and one man team in Lahore. Starting Saturday, a fifteen man team of experienced investigators shall be devoted to the task of finding the truth vis a vis market manipulation.

It is strongly advised that brokers should review their positions and if any inadvertent mal practice has slipped through their normally tight internal control procedures, these should be rectified immediately. SECP shall take a lenient view of any remedial action taken voluntarily by the broker till close of trading on Friday 9th June 2006.

SECP takes a serious view of the situation and will take very strong action where SECP unearths above mentioned or any other malpractices which are not in conformity with the stock exchange regulations or laws of the land.