

## Press Release

### SEC Penalizes Nine Brokerages Houses

**ISLAMABAD - October 7, 2005:** The Securities and Exchange Commission (SEC) has penalized nine companies/firms of the Karachi Stock Exchange (KSE) for failing to maintain high levels of integrity, promptitude and fairness in the conduct of their business and for indulging in improper conduct on the stock exchange, taking the total number of such penalties to twenty seven.

One company, namely Mars Securities (Pvt.) Ltd., was issued a warning for undertaking actions, which were contrary to the conduct expected of brokers.

Eight of these companies/firms were found to have been engaged in or have allowed trades in the market merely for the purpose of creating a false impression of trading activity in particular scrips (wash trades).

These companies were issued show cause notices, following which they were called upon for hearings to express their view points. After careful deliberations, the SEC found them in violation of Rule 8(iv) of the Brokers and Agents Registration Rules, 2001, and exercised its powers under Rule 8(b) to issue subsequent orders.

The following are details of brokerage companies, which have been fined:

No.	Names of Company/Firm	Penalty (Rs.)
1	Atlas Investment Bank Limited	100,000
2	Motiwala Securities (Pvt.) Ltd.	25,000
3	Ismail Iqbal Securities (Pvt.) Ltd.	25,000
4	Moosa, Noor Muhammad Shahzada & Co. (Pvt.) Ltd.	25,000
5	Darson Securities (Pvt.) Ltd.	25,000
6	Aqeel Karim Dhedi Securities (Pvt.) Ltd.	50,000
7	Multiline Securities (Pvt.) Ltd.	25,000
8	Bawa Securities (Pvt.) Ltd.	25,000

In the recent past, the SEC had penalized seventeen brokerage companies/firms for the same violation, i.e. carrying out wash trades. The following are the names of these companies/firms and the respective fines imposed:

No.	Names of Company/Firm	Penalty (Rs.)
1	Sherman Securities (Pvt.) Ltd	100,000
2	Worldwide Securities (Pvt.) Ltd.	100,000
3	Moosani Securities (Pvt.) Ltd	100,000
4	A.H.K.D. Securities (Pvt.) Ltd.	75,000
5	First National Equities Limited	50,000
6	Taurus Securities Limited	50,000
7	DJM Securities (Pvt.) Ltd.	50,000
8	Muhammad Nadeem A Ghaffar	50,000
9	Muhammad Munir Ahmed Khanani	50,000

10	Mohammad Hussain Adhi	50,000
11	M.S. Securities (Pvt.) Ltd.	25,000
12	Time Securities (Pvt.) Ltd.	25,000
13	Sohail Raza Moosani	25,000
14	Aba Ali Habib	25,000
15	Escorts Investment Bank Limited	25,000
16	Munaf Sattar Securities (Pvt.) Ltd.	25,000
17	KASB Securities Limited	25,000

Additionally, one company namely Alfalah Securities was penalized on August 10th, 2005 for its indulgence in insider trading in PTCL shares. The SEC had observed that Alfalah Securities, in its daily Research Report on 11 January 2005, published a statement under the heading, "PTCL revenues to get inflated by potential reversal in APC revenues provisioning in 1QFY05 (Our Sources)".

After issuing a show cause notice, providing a chance for a hearing, and careful deliberations, the SEC imposed an aggregate fine of Rs. 172,150 on Alfalah Securities for its violation of article 8(iv) of Brokers and Agents Registration Rules, 2001 and Section 15(A) and Section 15(B) of Securities and Exchange Ordinance, 1969.