



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
International Affairs, Communication & Coordination (IACC) Dept

PRESS RELEASE

FOR IMMEDIATE RELEASE

**ENFORCEMENT ACTIONS TAKEN BY THE SECURITIES MARKET DIVISION
DURING LAST ONE YEAR**

ISLAMABAD – April 19, 2010: Market integrity is the core objective of any securities regulator and is crucial for the well-functioning of the capital market. Market surveillance, in particular plays a significant role in detecting and deterring potential market abuse and avoiding disruptions to the market from anomalous trading activities. Where such cases are detected, the actions are taken in accordance with the law.

The Securities Market Division of the Securities and Exchange Commission of Pakistan (“the Commission”) performed active monitoring and surveillance of the stock market during the last twelve months. The focus was to check the compliance of prevailing regulatory framework, enforcement and development of fair and transparent market. This is also evident from numerous enforcement cases initiated and actions taken during the period under review. In twenty two different cases for violation of securities laws with special reference to insider trading, price manipulation, short/blank selling, wash trades, broker misconduct and non-compliance of the Listing Regulations, the Orders were issued after conducting hearings and penalties were imposed under the Securities & Exchange Ordinance, 1969 and Brokers & Agents Registration Rules, 2001 to the members of the Stock Exchanges and other market stakeholders (copies of the Orders available on SECP website). Moreover, warning letters were issued to forty four members of the Karachi Stock Exchange and six members of Lahore Stock Exchange for possible violations. Besides, warning letters were also issued to two banks for non-compliance of the securities laws. In addition, a Stock Exchange was also penalized for violation of the Securities & Exchange Ordinance, 1969.

The Commission suspended the registration of five members of the Karachi Stock Exchange on June 26, 2009 due to unresolved investor’s complaints. Subsequently, to ascertain the quantum of these complaints and other related issues, the Commission initiated enquiry

against these brokerage houses under Section 21 of the Securities & Exchange Ordinance, 1969. The said enquiries were conducted by joint teams comprising of officers from the Commission, Karachi Stock Exchange and Central Depository Company of Pakistan. The enquiry teams have submitted the enquiry reports to the Commission. Based on the findings of these reports, the Commission has initiated legal action under the relevant provisions of the laws against the persons who were involved in prohibitive activities.

Moreover, in the interest of public at large and in view of the large number of investors complaints mainly pertaining to the alleged non-transfer of shares and non-payment of funds, the enquiries have also been initiated under section 21 of the Securities & Exchange Ordinance, 1969 against the four expelled / defaulter brokerage houses of the Karachi Stock Exchange during the first half of 2010.

During the period, twenty six cases of possible violation of Section 224 of the Companies Ordinance, 1984 were detected / processed with respect to tenderable gain. The gain was tendered to the issuers in three cases and to the Commission in four cases. The Orders were passed in five cases after due process and Show Cause Notices have been issued in nine cases.

The Commission is determined to pursue its agenda for fair market practices, transparency and investor confidence for the growth, development and stability in the capital market.

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