

Press Release

Alfalalah Securities Penalised for Insider Trading

Islamabad – August 10, 2005: The Securities and Exchange Commission of Pakistan (SEC) has penalized Alfalah Securities, a member of the Karachi Stock Exchange (KSE), 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)”.

The SEC issued a show cause notice to Alfalah Securities based on the facts that it had obtained privileged information from a source placed inside PTCL and that the information was such as to materially affect the price of PTCL shares. Moreover, during the period from 10 to 14 January, Alfalah Securities bought and sold substantial shares of PTCL on behalf of its parent company. It was considered, thus, that there might be a correlation between the issuance of this research report and the increase in trading volume of PTCL.

After providing an opportunity of hearing, 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 Securities Ordinance Section 15 (A).