



Press Release

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For immediate release

No financial criminal can hide from the SECP: Zafar Hijazi

ISLAMABAD, May 9: The Chairman Securities and Exchange Commission of Pakistan (SECP) Zafar Hijazi said that wherever the SECP will find a financial crime, it will go after it without any influence. No financial criminal can hide from the SECP as it's continuously watching the capital markets, he added.

Addressing a press conference at SECP head office on Tuesday, Zafar Hijazi said that the SECP has significantly strengthened its abilities for continues surveillance of stock market trading and its intermediaries. Best brains from the SECP were selected and properly trained to watch the stock trading efficiently; he said and added that the earlier weakness and bottleneck were removed.

He shared the details of self-styled stock guru Mr. Mir Muhammad Ali Khan (MAK), who was leveraging his followers at Facebook by giving self-serving investment tips. The SECP has caught this man red handed.

He told journalists that the SECP has been monitoring this person from last two years and conduct investigation under Section 139 of the Securities Act, 2015. Mir Muhammad Ali Khan has huge public following on social media and is actively followed. He was active in sharing his advice (Stock Market) on Facebook and actively engaged in giving interviews (TV), lectures / courses to the educational institutions and corporate entities.

Sharing details of his scheme of fraud, Zafar Hijazi said that this person accumulates a scrip from the equity market and subsequently starting sharing his analysis / research on Facebook on that scrip and proposes a **Target Price**. MAK subsequently re-posts on the same scrip with additional highlights / pointers on a scrip, which induces general investors to follow his advice. Contrary to his advice, MAK exits / sells his holding which is achieved from the reaction of general public to Buy on his advice on social media and realizes extraordinary return on his investment through price difference achieved with positive impact on a scrip's price through inducement.

For instance, in the case of Ghani Automobile Limited (GAIL), he shared his analysis on the scrip of GAIL on Facebook on July 13, 2015 and told his followers that the management of GAIL had revealed to him about GAIL in process of obtaining license to manufacture tractors. GAIL disseminated clarification to the Commission and the Stock Exchange on July 24, 2015 denying the rumors on Obtaining License for Production of Tractors.

The aforementioned contradicting post of GAIL brought the suspicion of a probable manipulative activity being carried out in the scrip of GAIL. The SECP asked both, MAK and the GAIL to explain their positions. GAIL itself disseminated clarification to the Commission and the Stock Exchange on July 24, 2015, denying the rumors on obtaining license for production of tractors.

Before sharing this news on his Facebook page, MAK bought a quantity of 2,554,500 from the account of his mother Ms Razia Farhat Khan. When his followers attracted to buy GAIL shares and the price of GAIL shares start raising, this person sold his holding and earned undue profits. He has repeated same practice in the shares of seven other scripts. Based on the aforesaid, it was evident that MAK has been involved in manipulating the market and making gain out of it through synchronized trades from jointly held account with his mother.

Based on the aforesaid, MAK's strategy is in violation of Sections 134 & 136 of the Securities Act, 2015 and accordingly penal provisions of Section 159 of the Securities Act, 2015 are proposed to be invoked against him. The SECP has filled a criminal case against MAK in a court of law on Tuesday, the SECP Chairman said.

Zafar Hijazi said that the SECP is actively coordinating with FIA and NAB to deal with persons involved in financial crimes related to capital market.