



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Chairman's Secretariat

8(1)CS/SECP/TIP/2013

June 13, 2013

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Phase-VII, Defence Housing Authority,  
Karachi

- Subject:**
1. **Allegations of Insider Trading in Azgard Nine Ltd shares by JS Global Ltd in 2007/2008**
  2. **Allegations pertaining to JSCL awarding Fee of US\$ 4.3 million to a Director in 2013**
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Dear Sir,

This is with reference Transparency International-Pakistan (TIP) letter dated May 30, 2013 on the captioned subject, addressed to the Chairman SECP. Vide Point # 3 of its above-referred letter, TIP sought comments on the following:

*"Action taken on the loss NICL suffered due to its imprudent investment of Rs. 2.00 billion in JS Principal Fund – Rs. 255.243 million on 13 March 2009, immediately after Mr. Muhammad Ayyaz Niazi was appointed as Chairman NICL on February 12, 2009.*

At the outset, we would like to notify that our response dated May 28, adequately addresses the issues raised yet again in the letter dated May 30, 2013 (a repetition of the TIP's earlier letter dated May 18, 2013).

We would also like to reiterate that SECP is cognizant of its responsibilities conferred upon it vide various statutes and in no way intends either to justify any act of NICL management including NICL's investment in JS Principal Fund or intends to negate the report of the AGP submitted before the Supreme Court of Pakistan, whatsoever. The objective is only to sate the relevant provisions of the applicable laws by way of elucidation.

In so far as far as the enforceability of the Finance Division's OM of July 2, 2003 is concerned, the SECP was not directed to enforce/implement policies contained in the said OM onto public sector entities, as Para 7 of the said OM specifically requires the Principal Accounting Officer of the ministry concerned to implement the instructions given therein regarding the PSEs/local/autonomous bodies under its control. Para 7 of the said OM states that:

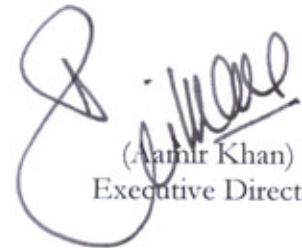
*"The Principal Accounting Officer of the ministry concerned will be responsible for the implementation of the above instructions regarding the PSEs/local/autonomous bodies under his control. The Chief Executive of PSE/Local/Autonomous body will be required to issue a certificate on annually basis that the above instructions are being followed in respect of the working balance and surplus funds of the organization"*

The above quoted Para 7 of the OM of the Finance Division not only requires the Principal Accounting Officer of the ministry concerned to implement the instructions given therein, but the same also requires the Chief Executive of the PSE/local/autonomous body to issue a certificate once in each year that these instructions have been complied with. In this instance, the then Chairman of NICL was required to issue a certificate on annual basis to the Principal Accounting officer of the Ministry of Commerce.

Moreover, the said OM of the Finance Division was essentially addressed to all the Secretaries of the Federal Government, whereas the copy of the said OM was forwarded to the Chairman – SECP for its compliance with the instructions contained in the said OM to the extent of its own funds, as SECP is an autonomous body that independently manages the SECP Fund. Hence, at no stage, it can be inferred that the SECP was responsible to enforce the contents of the OM of the Finance Division on NICL.

The matter is already *Sub-judice* before the Supreme Court of Pakistan and any further comment at this stage will be inappropriate

We hope that you find the above satisfactory.

  
(Amir Khan)  
Executive Director

Copy to:

1. PSPM, Prime Minister House, Islamabad
2. Registrar, Supreme Court of Pakistan, Islamabad
3. Secretary, Finance Division
4. Secretary, Commerce Division
5. Chairman, NAB, Islamabad
6. Chairperson, CCP, Islamabad
7. Director General FIA, Islamabad