



9th May 2013

Mr. Tahir Mahmood,
Acting Chairman,
Security Exchange Commission of Pakistan,,
Government of Pakistan,
Islamabad.

Sub: Allegations of Inside Trading in Azgard Nine limited shares trade by JS Global Capital Ltd in 2007/2008 and in JSCL by awarding Fee of US \$ 4.2 million to a Director in 2013
Ref: TIP letters dated 10 & 12 April 2013 and SECP Replies dated 19 and 26 April 2013

Dear Sir,

Transparency International Pakistan appreciates following actions taken by SECP on its letters dated 10 & 12 April 2013;

(i) *"Public has suffered losses of billions of rupees due to inside trading, and favoritism worth \$ 4.3 million in one case to the son of Jehangir Siddiqui, Chief of brokerage house Mr. Ali Jehangir".*

As regard to payment of Advisory Fee to one of the director of JSCL, the matter is under probe by the Commission.

(ii) *"Illegalsities in the trading of Azgard Nine Ltd shares".*

The Commission has filed a criminal complaint under Section 17 read with Section 29 of the Securities & Exchange Ordinance, 1969 against those who were found responsible for violation of Section 17 of the Ordinance.

(iii) *"Sale of 100 million shares of Agritech by Azgard Nine Ltd to the National Bank of Pakistan (NBP)".*

This matter pertains to NBP and State Bank of Pakistan and SECP is not in a position to offer any comments in the matter.

However, TIP has received further complaint that is against SECP as well as the alleged parties involved in these cases;

1. That SECP in the criminal complaint filed in the High Court of Session Judge Karachi, 242/2013, has excluded fifteen (15) companies/individuals reported involved in the Inside Share Trading of Azgard in SECP Investigation y Report dated 15 April 2009.
 - a. Crosby Dragon Fund
 - b. Jehangir Siddiqui Bank Limited
 - c. JS Aggressive Asset Allocation Fund
 - d. JS Income Fund formerly UTP Income Fund
 - e. JS Capital Protected Fund
 - f. JS Capital Protected Fund II
 - g. JS Growth Fund formerly UTP Growth Fund
 - h. Begum Aftab Khatri
 - i. Zaibunnisa
 - j. Muhammad Ibrahim
 - k. Mashooq Ali Kalyar
 - l. Rubin Malkani
 - m. Khalid Rafi



- n. Rashid Siddiqui
- o. Muhammad Asif Mendha
2. That Mr. Zafar Abdullah was the CEO of Crosby Dragon Fund, [which has been removed by SECP as accused from the criminal case], at the time when this Inside Trading Occurred during April 2007 to April 2008.
3. That Mr. Zafar Abdullah was appointed as Commissioner SECP on 17 August 2012.
4. That TFC of Azgard at approx. Rs 1 Billion were sold by the JS Group to Evacuee Trust after April 2008, at four time the market price.
5. That JS Growth Fund and JS Large Cap. Fund, have sold 1,606,688 PICT shares at Rs. 101.59 to Bank Julius Baer & Co. Ltd Switzerland, on 24 February 2012, and that Bank Julius Baer & Co. Ltd in fact bought it for JS Group, as JSGCL has commercial relatuinsgip with them.

The above allegations are against SECP itself, for not filing criminal case against 15 entities, who have been proved guilty of inside trading in the 2008 SECP investigation report, by SECP in 2013.

TIP request the SECP that being in knowledge of sale of TFC of Azgard to Evacuee Trust at 4 time the market price from JS Group, and sale of 1,606,688 PICT shares at Rs. 101.59 to Bank Julius Baer & Co, if it has not already taken notice of these two issues, may inquire the authenticity of the complaints from Evacuee Trust Property Board, Govt. of Pakistan and Bank Julius Baer & Co. Ltd Switzerland about the client for whom they have purchased the PICT shares in Feb 2012.

Transparency International Pakistan request to examine the complaint and beside criminal action which will be take by the Court, also take action under the SECP law and Companies Ordinance 1984.

This is to state that article 19-A makes the right to access of information pertaining to a public authority a fundamental rights, Justice Syed Mansoor Ali Shah in his landmark judgment Ataullah Malik v. Federation of Pakistan laid down the following:

*"Right to information is another corrective tool which allows public access to the working and decision making of the public authorities. It opens the working of public administration to public scrutiny. This necessitates transparent and structured exercise of discretion by the public functionaries. **Article 19-A empowers the civil society of this country to seek information from public institutions and hold them answerable**". PLD 2010 Lahore 605*

TI Pakistan is striving to have transparency in procedures and Rule of Law in Pakistan, which is the only way to eliminate corruption and have good governance in country.

Yours Sincerely,

Saad Rashid,
Executive Director

Copy forwarded for action to be taken under the rules regulations to

1. PSPM, Prime Minister House, Islamabad
2. Chairman, NAB, Islamabad
3. Govewrnor, State Bank of Pakutan, Karachi
4. Registrar, Supreme Court of Pakistan, Islamabad
5. Chairperson, CCP, Islamabad