

**Securities & Exchange Commission of Pakistan  
NIC Building, Jinnah Avenue, Blue Area, Islamabad**

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*Aug 28, 2001*

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**August 28, 2001  
Order No. F-1(22) DS-III/2001 dated August 28, 2001 regarding  
appointment of Enquiry Committee for the purposes of carrying out  
investigation in respect of Karachi Stock Exchange (KSE) and Lahore Stock  
Exchange (LSE).**

No. F 1(22) DS-III/2001 #9; 28 August, 2001

**APPOINTMENT OF ENQUIRY COMMITTEE**

In pursuance of the powers conferred under Section 29 and Section 20 (4) (o) of the Securities & Exchange Commission of Pakistan Act, 1997 the Commission hereby constitutes and appoints an Enquiry Committee consisting of the following persons (the "Enquiry Committee"), viz.:

1. Mr. Habib-ur-Rehman, Managing Director, Unit Trust of Pakistan, Karachi.
2. Mr. Rashid Sadiq, Executive Director, Securities & Exchange Commission of Pakistan, Islamabad.

The Enquiry Committee is constituted and appointed hereby for the purposes of carrying out investigation in respect of Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE) in accordance with the Terms of Reference hereunder and shall have all powers of investigation under the Securities & Exchange Ordinance, 1969, the Companies Ordinance, 1984 and all other laws being administered by the Securities & Exchange Commission of Pakistan.

The Terms of Reference with respect to KSE are as follows:

1. Determine whether the management of exposure limits and changes made in respect thereof from time to time were bonafide.
2. Identify punitive action taken by the exchange, if any, for non-compliance in implementing the 'Regulations Governing Members Exposure' and 'Members Default and Procedure for Recovery of losses Regulations' in force from time to time.

3. Identify member(s) through whom the shares kept as exposure margin and the outstanding position of the defaulted member, Mr. Hanif Moosa, were disposed off and identify the respective clients with whom such transactions were made?
4. Identify reasons for changes made in the 'Regulations Governing Members Exposure' in respect of shares of Admajee Insurance Company Limited, Bank of Punjab and Fauji Fertilizer.
5. Identify any significant changes made in the 'Regulations Governing Members Exposure' during the last five years.

The Terms of Reference with respect to LSE are as follows:

1. Determine whether the management of exposure limits and changes made in respect thereof from time to time were bonafide.
2. Identify punitive action taken by the exchange, if any, for non-compliance in implementing the 'Regulations Governing Members Exposure' and 'Members Default and Procedure for Recovery of Losses Regulations' in force from time to time.
3. Determine level of competence of the clearing and settlement staff of the exchange?
4. Determine as to how the deposit in respect of exposure and losses not made up by member(s)/major operator(s) were dealt with by the Exchange in the period leading upto the May, 2000 crisis and, in this connection, whether any instruction(s) received from member(s) to square up their respective positions were duly complied with.

The Enquiry Committee shall complete their investigation and submit to the Commission their written report with recommendations as to the remedial and disciplinary measures to be taken by the Securities & Exchange Commission within forty-five days from the date hereof.

**N. K. Shahani**  
**Commissioner (Securities Market and Insurance)**  
**For and on behalf of**  
**Securities & Exchange Commission of Pakistan,**  
**Islamabad.**