



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

Before

Shahzad Afzal Khan, Director/Head of Department (Adjudication-I)

In the matter of

Directors of Shell Pakistan Limited

Number and date of Show Cause Notice (SCN)	2(439)SMD/Adj-1/2023-267 Dated September 26, 2023
Date of Hearing:	October 23, 2023
Present at the Hearing:	Ms. Ferzeen E. Bhadha, Advocate Vellani & Vellani (Authorized Representative)

ORDER

UNDER SECTION 106 OF THE SECURITIES ACT, 2015

This Order shall dispose of the proceedings initiated against Directors of Shell Pakistan Limited (**the Company**) through Show Cause Notice No. 2(439)SMD/Adj-1/2023-267 dated September 26, 2023 (**the SCN**) issued under Section 106 of the Securities Act, 2015 (**the Act**) on account of alleged contravention of Section 103 read of the Act read with regulation 3(4) of the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders in Listed Companies) Regulations, 2015 (**the Regulations**).

2. Brief facts of the case are that the following individuals (**Collectively referred hereunder as the Respondents**) were appointed as Directors of the Company on June 13, 2023.

S. No.	Name of Director(s)/CEO	Status
1	Mr. Zain k. Hak	Director
2	Mr. Zaffar A. Khan	Director
3	Mr. Rafi. H Basheer	Director
4	Mr. Pervez Ghias	Director
5	Mr. Badruddin F. Vellani	Director
6	Mr. John King Chong Lo	Director
7	Mr. Amir R. Paracha	Director
8	Mr. Zarrar Mahmud	Director
9	Ms. Madiha Khalid	Director
10	Mr. Imran R. Ibrahim	Director

3. In terms of Section 103 of the Act read with regulation 3(4) of the Regulations, the Respondents were required to file Form 5 with the Commission, within seven (7) days of becoming the director of the Company. However, the record available with the Securities and Exchange Commission of Pakistan (**the Commission**) transpires that no compliance was made by the Respondents.



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4. The relevant provisions of the law are reproduced as under:

Section 103 of the Act:

"103 - Notification to the Commission of directors and others' interest

(1) Every director, executive officer or substantial shareholder of a listed company shall submit to the Commission in the prescribed form -

(a) a statement of beneficial ownership in the listed equity securities of the company or any other nature of securities as may be prescribed by the Commission;

(b) the particulars of any change in the interest aforesaid; and

(c) any change in his position.

(2) The reporting requirement imposed by sub-sections (1) shall be fulfilled before the expiration of a period of seven days beginning with the day on which the requirement first arises."

Regulation 3(4) of the Regulations:

"3 - Reporting of Beneficial ownership in listed equity securities under Section 101 to Section 103 of the Act ...

(4) The directors, executive officers and substantial shareholders of the equity securities in a listed company shall in accordance with section 103 of the Act submit statement of Beneficial ownership in Form 5 and report any subsequent change therein or position to the Commission on Form 6."

Section 106 of the Act:

106. Directive by the Commission.—(1) ...

(2) where any person who contravenes or fails to comply with any provision of sections 101, 102, 103, 104, 105 and 107, the Commission may by order in writing direct,—

(a) in the case of an individual, to pay by way of penalty to the Commission such sum which may extend to five hundred thousand rupees and to a further sum which may extend to one thousand rupees per day for every day during which the default continues;"

5. The Commission vide letter dated August 21, 2023 sought explanation from the Respondents with respect to their alleged failure to file Form 5. The Company on behalf of the Respondents vide letter dated August 28, 2023 submitted that it regretted the oversight in submitting the Forms in due time and assured to file Form 5 as and when required within prescribed time in future. Moreover, it requested to condone the delay. However, the record of this office shows that the aforesaid directors have filed their respective Form 5 on August 28, 2023 **with delay of 69 days**.

6. In view of above, the Respondents, *prima facie*, have violated Section 103 of the Act read with regulation 3(4) of the Regulations which attracts applicability of the penal provision of Section 106(2)(a) of the Act. Accordingly, the Commission while taking cognizance of the aforementioned non-compliance served the SCN upon the Respondents, requiring them to submit their written reply within 14 days of the date of the SCN.

7. In response to SCN, the Respondents vide letter dated October 06, 2023 submitted individually their reply as under:

"...I write in reference to the Show Cause Notice No. 2(439)SMD/Adj-1/2023-267 dated September 26, 2023 and to the observations made therein and in this regard it is respectfully submitted as under.



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- *I was elected as a director of Shell Pakistan Limited ("Company") at the Annual General Meeting of the Company held on May 4, 2023, and my three-year term of office was to become effective from June 13, 2023.*
- *I provided to the Company, the information of my beneficial ownership in the equity securities of the Company pursuant to section 101(1) of the Securities Act 2015 within a few days of the said elections (on May 11, 2023). I intended to submit the information to the Securities and Exchange Commission of Pakistan on the requisite Form 5 within the prescribed seven days from the effective date of commencing my term of office (June 13, 2023), considering that such effective date was when I became director.*
- *However due to being caught up in professional commitments, I was unable to notify the Securities and Exchange Commission of Pakistan of my beneficial ownership in the equity securities of the Company on the requisite Form 5 within the time prescribed under the Securities Act 2015. The oversight was not in any way deliberate or willful. The lapse on my part was genuine and is deeply regretted and it is humbly requested that such lapse be kindly condoned.*
- *It is therefore respectfully submitted that no penalties mentioned ought to be levied against me.*
- *Further, it is also respectfully emphasized that I am well aware of my statutory obligations and have consistently adhered to and duly observed the requirements of the legislation. I have, however, duly taken note of the comments made in the Show Cause Notice and shall in the future endeavor to ensure compliance of filings pursuant to the Securities Act 2015 and the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders in Listed Companies) Regulations, 2015."*

8. The Respondents were provided opportunity of personal representation and the hearing was fixed in the matter for October 23, 2023. The hearing was attended by Ms. Ferzeen E. Bhadha as the Authorized Representative (**the Representative**) of the Respondents. The Representative reiterated the written argument submitted earlier in response to SCN and admitted the delay in filing of Forms, which occurred due to oversight and human error. Moreover, the Representative added that it was their understanding that the filing of Form 5 was only required at the time of new appointment. However, on receiving the letter from the Commission in this regard, subsequently filing of the Forms 5 has been made by the Respondents. The Respondent requested that a lenient view may be taken in the matter and assured the compliance with the provisions of the law in future.

9. I have gone through the facts of the case and considered the submissions of the Respondent and Representative both written and verbal in light of the applicable provisions of the law and observed that the Respondents were required to file their returns of beneficial ownership on Forms 5 within seven (07) days of becoming director of the Company as required under Section 103 of the Act read with regulation 3(4) of the Regulations. However, the Respondents as well as the Representative admitted the delay in late filing of the required returns on Form 5 to the Commission and as per record of the Commission, the Respondents have filed their respective Forms 5 on August 28, 2023 with delay of 69 days.

10. In view of the foregoing and the verbal submission made by the Representative, non-compliance/ contravention of the provisions Section 103 of the Act read with regulation 3(4) of the Regulations has been established and same has also been admitted by the Respondents. Therefore, in exercise of the powers conferred upon me under Section 106(2)(a) of the Act, I hereby impose a penalty of **Rs.50,000/- (Pak Rupees Fifty Thousand Only)** on the Respondents, in the following manner:





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S. No.	Name of Director(s)	Amount of Penalty Imposed (Rs.)
1.	Mr. Zain k. Hak	5,000
2.	Mr. Zaffar A. Khan	5,000
3.	Mr. Rafi. H Basheer	5,000
4.	Mr. Pervez Ghias	5,000
5.	Mr. Badruddin F. Vellani	5,000
6.	Mr. John King Chong Lo	5,000
7.	Mr. Amir R. Paracha	5,000
8.	Mr. Zarrar Mahmud	5,000
9.	Ms. Madiha Khalid	5,000
10.	Mr. Imran R. Ibrahim	5,000
Total		50,000

11. The Respondents are hereby directed to deposit the aforesaid fine in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and furnish receipted voucher issued in the name of the Commission for information and record.

12. This Order is issued without prejudice to any other action that the Commission may initiate against the Respondent in accordance with the law(s) on matter subsequently investigated or otherwise brought to the knowledge of the Commission.

(Shahzad Afzal Khan)
Director/ Head of Department
(Adjudication Department-I)



Announced:
November 01, 2023
Islamabad