



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

IGI Life Insurance Limited

Number and date of Show Cause Notice (SCN)	2(445)SMD/Adj-1/2023-314 Dated October 30, 2023
Date of Hearing:	November 27, 2023
Present at the Hearing:	(i) Mr. Abdul Haseeb Kasbati, Chief Financial Officer (ii) Ms. Nadia Perveen Hussain, Company Secretary (Authorized Representatives)

ORDER

UNDER SECTION 106 OF THE SECURITIES ACT, 2015

This Order shall dispose of the proceedings initiated against IGI Life Insurance Limited (**the Company and/or the Respondent**) through Show Cause Notice No. 2(445)SMD/Adj-1/2023-314 dated October 30, 2023 (**the SCN**) issued under Section 106 of the Securities Act, 2015 (**the Act**) on account of alleged contravention of Section 102(3) of the Act read with regulation 3(3) 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 Company is listed Company at the Pakistan Stock Exchange (PSX). It transpired from the record available with the Securities and Exchange Commission of Pakistan (**the Commission**) that the Company appointed the following individuals as Directors on May 23, 2023. The names along with their date of appointment are as under:

S.NO	Name of Director(s)/CEO	Date of Appointment
1	Syed Hyder Ali	May 23, 2023
2	Mr. Shamim Ahmad Khan	May 23, 2023
3	Syed Yawar Ali	May 23, 2023
4	Mr. Khurram Raza Bakhtayari	May 23, 2023
5	Mr. Mohammad Kamal Syed	May 23, 2023
6	Ms. Faresa Ahsan	May 23, 2023
7	Ms. Zehra Naqvi	May 23, 2023

3. In terms of Section 102(3) of the Act read with regulation 3(3) of the Regulations, the Company was required to file Form 4 with the Commission within seven (7) days of the receipt of information on Form 1 from the respective director. However, the record available with the Commission transpires that the Company, *prima facie*, did not ensure compliance with the aforesaid requirement of the Act and Regulations in respect of all directors.

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



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Section 102(3) of the Act:

"102. Register of directors' interests notified under section 101.—... (3) Whenever a listed company is notified of any matter in consequence of requirement imposed by sub-section (1) of section 101, the company shall notify it to the Commission, within seven days of the receipt of the information, showing therein name of director, executive officer or shareholder, date of appointment or acquisition of beneficial ownership and number of shares held by him.."

Regulation 3(3) of the Regulations:

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

(3) The listed company shall notify the Commission in Form 4 whenever such company receives Form 1 from a director, executive officer, or substantial shareholder pursuant to the requirement of section 101(1) of the Act."

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,—

(b) in the case of a company, the company and its every director or officer who is knowingly and willfully in default, to pay by way of penalty to the Commission such amount which may extend to five hundred thousand rupees and to a further amount which may extend to one thousand rupees per day for every day during which the default continues;"

5. The Commission vide letter dated August 24, 2023 sought clarification/explanation from the Company with respect to its alleged failure to file Form 4. In response to aforesaid letter, the Company submitted Forms 4 on September 13, 2023 **with delay of 106 days**.

6. In view of the above, the Company, *prima facie*, has violated Section 102(3) of the Act read with regulation 3(3) of the Regulations, which attracts applicability of the penal provisions of Section 106(2)(b) of the Act. Accordingly, the Commission while taking cognizance of the aforementioned non-compliance served the SCN upon the Company, requiring it to submit its written reply within 14 days of the date of the SCN.

7. In response to SCN, the Company Secretary vide letter dated November 08, 2023 submitted reply as under:

"...Please refer to the SCN to which, very respectfully, the following is submitted for your kind consideration:

1. The delay in filing of the Forms in question was not willful nor intentionally perpetrated but only took place as a bona fide oversight.

2. Had there been any mala fides on the part of the Directors in filing the Forms in question with a view to suppress any information and/or to conceal the same from the members of the public or the regulator (SECP), the Forms would not have been filed and objections would have been resorted to.

3. It was in view of the clarification by SECP bearing No. SD/Mis.BO/2022/415 dated April 20, 2022 that the Company and the Directors came to know that filing of the Forms in question was required by SECP despite similar Forms having been filed upon the earlier election / appointment of the same persons as Directors of the Company and no change in interests of the Directors having occurred, since last filing.



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4. You would kindly appreciate that the Company informed you vide its letter dated September 18, 2023 bearing No. CS/ SECP/2023/0078, in response to your letter bearing No. SMD/BO/Sec-Act107-I-127-143, that the Company had complied with the submission of the Forms.

5. It may be noted that the late filing did not cause any prejudice to the shareholders of the Company and/or the members of the public.

6. Kindly also note that the Company has strengthened the procedure whereby the already maintained checklist of regulatory requirements will be updated periodically by monitoring the websites of SECP and PSX for any new regulatory requirements.

In view of the above-mentioned position, it is respectfully prayed on behalf of the Company that the unintentional and inadvertent delay may kindly be condoned keeping in view the facts that the Company is a part of a reputed business group of Pakistan known for its law-abiding and compliant corporate culture."

8. The hearing was fixed in the matter for November 27, 2023 wherein Mr. Abdul Haseeb Kasbati, Chief Financial Officer and Ms. Nadia Perveen Hussain, Company Secretary, attended the hearing before the undersigned as the Authorized Representatives (**the Representatives**) of the Company. During the course of hearing, the Representatives were advised to explain the reasons for the alleged non-compliance, as narrated in the SCN. The Representatives reiterated the written arguments and submissions made in the written reply and admitted the delay in filing of Forms 4, which was inadvertently missed; however, on receiving the letter dated August 24, 2023 from the Commission in this regard, subsequently, Forms 4 have been filed by the Company in respect of all directors. Moreover, the Representatives requested that a lenient view may be taken in the matter and assured the compliance of the said provisions of the law in future.

9. Subsequent to the hearing, the Company Secretary vide letter dated November 29, 2023 submitted additional as under:

"...In furtherance of our submissions kindly note that the elections of Directors were duly held in the Extraordinary General Meeting (EOGM) of the Company conducted on May 23, 2023 in which following Directors were elected by the shareholders of the Company:

S. No.	Name of Director	Appointment
1	Syed Hyder Ali	Re-elected
2	Syed Yawar Ali	Re-elected
3	Shamim Ahmad Khan	Re-elected
4	Mohammad Kamal Syed	Re-elected
5	Khurram Raza Bakhtayari	Re-elected
6	Faresa Ahsan	Re-elected
7	Zehra Na vi	Re-elected

Accordingly Form 29 for all directors were duly filed with the Commission (please refer to Annexure A' attached)

The beneficial ownership held by the Directors as of the date of election was as follows:



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S.No.	Name of Director	Individual Shareholding	Through Spouse/ Minor children	Through Private Company	Total Beneficial Ownership
1	Syed Hyder Ali	958,483	-	-	958,483
2	Syed Yawar Ali	5,505	507,056	-	512,561
3	Mr. Shamim Ahmad Khan	703	-	-	703
4	Mohammad Kamal Syed	703	-	-	703
5	Khurram Raza Bakhtayari	703	-	-	703
6	Faresa Ahsan	703	-	-	703
7	Zehra Na vi	703	-	-	703

The AGM of the Company was held on April 27, 2023 subsequent to which, Form-A for the year ended December 31, 2022 was duly submitted by the Company which included list of members and their respective shareholding as of the date of AGM. Also submitted at the time was Form 34, along with the pattern of shareholding (please refer Annexure B and C). The list of members submitted along with the Form-A, duly included the number of shares held by the Directors. The pattern of shareholding submitted along with Form 34 details all shareholding of the Company.

However, the Company did not file the forms prescribed under the Securities Act, 2015 subsequent to the election of directors based on the understanding that:

- there was no change in the shareholdings of the Directors since the submission of last Form-A; and
- no new Directors were elected to the Board

However, the prescribed forms were duly filed by the Company as soon as the matter was notified by the Commission through its letter dated August 24, 2023.

We wish to reiterate that we have strengthened the secretarial compliance function and set up procedures where already available compliance checklists will be updated periodically, through internal and external review to ensure strict compliance.

Based on above submissions, it is humbly requested on behalf of the Company that the unintentional delay in filing of Form 4 under the Securities Act, 2015 may kindly be condoned and the Company assures the Commissions that it will ensure timely compliance of regulatory requirements in future."

10. I have gone through the facts of the case and considered both written and verbal submissions of the Representatives in light of the applicable provisions of the law and observed that the Company was required to file Forms 4 with the Commission, within seven (7) days of the receipt of information on Form 1 from the respective director as required under Section 102(3) of the Act read with regulation 3(3) of the Regulations. However, as per record of the Commission, the directors filed their respective Form 1 with the Company within stipulated time period i.e. on May 23, 2023, but the Company filed Forms 4 in respect of all of its directors with the Commission after a substantial delay of 106 days i.e. on September 13, 2023.

11. In view of the foregoing facts and the verbal submission made by the Representatives, non-compliance/contravention of the provisions Section 102(3) of the Act read with regulation 3(3) of the



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Regulations has been established and same has also been admitted by the Representatives. Therefore, in exercise of the powers conferred upon me under Section 106(2)(b) of the Act, I hereby impose a penalty of **Rs. 50,000/- (Pak Rupees Fifty Thousand Only)** on the Company on account of the aforesaid established default.

12. The Company is 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.

13. 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:
December 12, 2023
Islamabad