



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

Through Courier

Before

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

In the matter of

Show Cause Notice issued to Trustee-MCB Employees Pension Fund, Substantial Shareholder of M/s Adamjee Insurance Company Ltd.

Under Regulation 3(4) of the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders in Listed Companies) Regulations, 2015 and Section 103 read with Section 106(2)(a) of the Securities Act, 2015

Number and date of Show Cause Notice (SCN)	2(447)SMD/Adj-1/2024-27 dated January 23, 2024
Date(s) of Hearing:	February 20, 2024
Present at the Hearing(s):	Mr. Muiz Gul, Advocate Mr. Faizan Ilahi Malik, Unit Head – Staff Loans & Funds Management (Authorized Representatives)

ORDER

This Order shall dispose of the proceedings initiated against Trustee-MCB Employees Pension Fund (the “Respondent” or “Fund”) being the substantial shareholder of M/s. Adamjee Insurance Company Limited (the “Company”) for its alleged failure to file the disclosure regarding change of its beneficial ownership on Form-6 to the Securities & Exchange Commission of Pakistan (the “Commission”), in terms of Section 103 of the Securities Act, 2015 (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”) within 07 days from the date of such change.

2. Brief facts of the case are that the disclosure of information filed with the Pakistan Stock Exchange Limited (PSX) by the Company on December 05, 2023 revealed that the Fund executed the following trade in the shares of the Company on November 03, 2023, being the substantial shareholder of the Company:

Transaction Date	Nature of Transaction	Quantity Traded	Trade Rate	Market
November 03, 2023	Buy	2,000,000	31.50	Ready

3. The Respondent was required to comply with the disclosure requirements in respect of the



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I
Adjudication Division

aforesaid change in its beneficial ownership through filing of Form-6 with the Commission within the prescribed time. The relevant provisions of Section 103 of the Act, Regulation 3(4) of the Regulations and the penal provisions of Section 106(2)(a) of the Act in case of contravention of Section 103 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.” (emphasis added)

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 officer and substantial shareholder 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.” (emphasis added)

Section 106(2)(a) of the Act:

“106. Directive by the Commission.—... (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.”

4. The record available with the Commission transpired that the Respondent failed to comply with the aforesaid requirements of the Act and the Regulations within the given timeframe. Accordingly, the relevant department of the Commission requested clarification/ explanation from the Respondent on

SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I
Adjudication Division

December 06, 2023. Subsequently, the Respondent vide its letter dated December 11, 2023 apparently admitted the delay on its part being occurred inadvertently and reportedly filed Form-6 with the Commission on December 07, 2023 with a delay of 27 days.

5. Considering the above-mentioned facts and the *prima-facie* delay in filing of relevant form(s), a Show Cause Notice dated January 23, 2024 was served upon the Respondent for contravention of Regulation 3(4) of the Regulations read with Section 103 of the Act under the penal provisions of Section 106(2)(a) of the Act.

6. A response letter dated February 01, 2024 was submitted by the Respondent, the relevant extracts of which are reproduced hereinbelow:

"In light of the aforementioned show cause notice, the delay in complying with the regulatory requirements was done inadvertently and the same was not willful. We fully understand the importance of timely disclosure and compliance with the statutory regulations, we take our obligations under the law very seriously. However, upon receiving the clarification letter dated 06-12-2023 from the concerned department of the Commission, we promptly took action to rectify the same as required of us. The delay in filing of Form-6 and Form-2 was an oversight on our part due to the fact that our shareholding went beyond the margin of 10% for the first time. In addition, we assure your good offices that appropriate steps have been taken to prevent such occurrences in the future... The delay was solely due to administrative oversight, and Our Client after it came to its attention has since filed Form-6 and Form-2 on 07-12-2023 complying with the requisite regulations..."

Our Client respectfully requests the SECP that leniency be shown while considering the aforementioned unwanted circumstances, and subsequently accept the condonation of the sensitive matter at hand. In addition, it is further requested that the mentioned penalty be waived off in the larger interest of justice..."

7. In order to meet the ends of justice and provide an opportunity of being heard to the Respondent, a hearing was held on February 20, 2024, which was attended by Muiz Gul, Advocate and Mr. Faizan Ilahi Malik, Unit Head – Staff Loans & Funds Management, being the Authorized Representatives of the Respondent. During the course of hearing, the Representatives reiterated the written submissions, admitted the inadvertent non-compliance of law and requested for a lenient view considering no intentional or willful default on part of the Respondent & its commitment for ensuring due compliance in the future. The Authorized Representatives further informed that the Fund has subsequently ensured timely compliance of the questioned disclosure requirements, since it has duly filed the relevant Forms 2 & 6 within prescribed timelines in respect of a subsequent trade carried out by the Fund on December 12, 2023. The Representatives were also inquired about any rectification measures taken by the Respondent to avoid such non-compliances in the future, in response to which the Representatives referred to their in-house daily/routinely monitoring of the Fund's shareholding changes to pinpoint any applicable disclosure requirements. The Representatives also showed commitment to put in place an effective set of Standard



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I
Adjudication Division

Operating Procedures (SOPs) within the Fund to cater for and monitor any such disclosure requirements or akin.

8. I have gone through the relevant provisions of law and the submissions made by the Respondent through its Authorized Representatives, and observed that the Section 103(2) of the Act read with Regulation 3(4) of the Regulations clearly mandate fulfilment of the reporting requirements before the expiration of a period of seven (07) days beginning from the day on which the requirement first arises. With respect to the questioned filing of Form-6 with the Commission, the Respondent, on account of admittance of a *bona fide* omission, has duly filed the same, though with a delay, and has demonstrated its commitment to adhere to all applicable laws in a timely manner in the future.

9. In view of the above-stated facts, circumstances and submissions made by the Respondent, particularly the admission of default on its part, I have hereby decided to impose a **penalty of Rs.100,000/- (Rupees One Hundred Thousand) only on the Respondent**. The Respondent is directed to deposit the aforesaid penalty in the designated bank account maintained in the name of the Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited, within a period of thirty (30) days from the date of this Order, and furnish receipted voucher issued in the name of the Commission for information and record. The Respondent is also directed to ensure meticulous and timely compliance of applicable laws in true letter and spirit in future.

10. This order is being issued without prejudice to any other action(s) that may be initiated/taken against the Respondent, the Company and/or its officers responsible for the violations of the aforesaid provisions of the law, accordingly.

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

Announced:

February 22, 2024
Islamabad