



INSURANCE DIVISION
Islamabad

Before Fida Hussain Samoo, Commissioner (Insurance)

In the matter of

Pak Qatar General Takaful Limited

Show Cause Notice & Issue ID/Enf/PQGTL/2017/10543 Dated August 9, 2017
Date:

Date of Hearing: October 4, 2017

Attended By:

1. Mr. Kamran Saleem
CFO and Company Secretary
M/s. Pak Qatar General Takaful Limited
2. Mr. Jehanzaib Ahmed
Manager Legal & Compliance
M/s. Pak Qatar General Takaful Limited
3. Mr. Muneeb Afzal Lone
Head of Internal Audit
M/s. Pak Qatar General Takaful Limited

Date of Order: October 16, 2017

ORDER

Under SRO 634(I)/2014 read with Section 499 of the Companies Act, 2017

.....

This Order shall dispose of the proceedings initiated against M/s. Pak Qatar General Takaful Limited (the "Company"), its Chief Executive and Directors for alleged contravention of SRO 634(I)/2014 (the "Notification"). The Company, its Chief Executive and Directors shall be collectively referred to as the "Respondents" hereinafter.

2. The Company is registered under the Ordinance to carry on the business of general takaful in Pakistan.



3. The Notification requires every public listed company and public unlisted company to maintain a functional website with effect from August 30, 2014.

4. The appointment of Mr. Zahid Hussain Awan as Chief Executive Officer (CEO) of the Company in exercise of the powers conferred under Section 12(1) of the Insurance Ordinance, 2000 read with Regulation 2(2) of the Insurance Companies (Sound and Prudent) Regulations, 2012 was approved by the Commission vide letter dated November 01, 2016. However, the Company reported Mr. Said Gul as the Managing Director & CEO of the Company on its website, who was granted approval to act as "Director" only. Screenshot of the website is copied hereunder:



5. The Company therefore, *prima facie*, misstated on its website in contravention of the aforesaid notification for which, the Company and its Board of Directors may be penalized under Section 499 of the Companies Act, 2017 (the "Act").

6. Clause 1(B) of the Notification provides list of information pertaining to Governance that must be placed on website of the Company:

"

B) Governance

- i) Profile of Board of Directors;
 - ii) Shareholding pattern;
 - iii) Name of Auditor of the Company; and
 - iv) Name of the Legal Advisor, if any
- ..."

7. The notification further states that:

"...The responsibility to place correct and accurate information on the website shall rest with the Company solely..."

8. Therefore, a Show Cause Notice (SCN) ID/Enf/PQGTL/2017/10543 dated August 9, 2017 was issued to the Respondents, calling upon them to show cause as



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Insurance Division

Continuation Sheet 2

to why the fine as provided under Section 499 of the Act should not be imposed on them for the aforementioned alleged contraventions of the law.

9. Subsequently, the Respondents vide their letter dated August 15, 2017, submitted their comments, which are reproduced hereunder:

"

Before submitting our explanation, we would like to present the chronology of the vacancy filled at the position of Chief Executive Officer for ready reference:

	Mr. Said Gul
Succeeded by:	Mr. Javed Muslim
Succeeded by:	Mr. Zahid Hussain Awan

Consequent to resignation of Mr. Javed Musiim, the BOD appointed Mr. Zahid Hussain Awan as CEO of the Company. We humbly submit that we observed compliance with relevant requirements and updated all the necessary details in respect of appointment of Zahid Hussain Awan as CEO. We hereby seek your kind consideration to below mentioned facts with supporting documents in respect of appointment & appropriate disclosure of Zahid Hussain Awan as CEO.

- | | | |
|----|---|------------|
| a) | Obtained prior approval from SECP (Insurance Division) | Annexure-A |
| b) | Submitted Form-29 to CRO | Annexure-B |
| c) | Disclosed this fact in Directors' Report 2016 (para 1) | Annexure-C |
| d) | Disclosed this fact in Statement of Compliance with CCG (para 21) | Annexure-D |
| e) | Disclosed this fact in Annual Printed Report (page number 08)
(Annual Report 2016 is also placed on website) | Annexure-E |
| f) | Disclosed this fact on website under the Tab 'Management Committee' | Annexure-F |
| g) | Disclosed this fact on website under the Tab 'Corporate Profile' | Annexure-G |

In the light of above, we humbly submit that there was not even an iota of doubt or intention to mislead the apex regulator, 'the Securities & Exchange Commission of Pakistan' or any stakeholder of the company. in respect of appointment of Zahid Hussain Awan as CEO.

As explained in supra para, consequent to appointment of Zahid Hussain Awan as CEO, changes have been made to disclose this fact including updation at website. Nevertheless, we acknowledge that an unnoticed typo error continued to occur in the profile of Mr. Said Gul under the tab 'board of directors. wherein, he was unintentionally reported as CEO, rather as 'Ex-CEO'. Please note that heading of profile of Mr. Said Gul showed his correct title i.e Managing Director only.

It is noteworthy, that as our most of directors are foreigners, therefore BOD nominated Mr Said Gul as Managing Director to serve as representative of the board and acts as liaison between the Chief Executive and the Board. In PQGTL, separate roles and responsibilities are defined for the Managing Director and CEO.

We hereby acknowledge our inadvertent presentation error in profile and we humbly request you to condone the same, as it was unintentional and it did not cause harm to anyone. We



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Insurance Division

Continuation Sheet 3

observed our best endeavours to comply with the law with respect to appointment of Mr Zahid Hussain Awan as CEO as explained in supra para and notably also has placed this fact perceptibly for the stakeholders in relevant reports/statement including the website under the separate tab named as 'Management Committee' & Corporate Profile.

Respected Sir, we assure your good office that in future we will take additional due care to avoid any presentation or typo error. We would like to apprise your good office that we have taken immediate steps to rectify the erroneous error in the website and updated the profiles accordingly. The updated profile of board of directors extracted from the website is annexed as Annexure – H.

With due respect and profound honour, in the light of our forgoing submissions, we request your good self to kindly condone the matter and take a lenient view of the erroneous error and unintentional overlook by us.

...."

10. Thereafter, the Commission vide letter no. ID/ENF/PQGT/2017/12031 dated September 22, 2017, scheduled a hearing for October 4, 2017 to provide an opportunity of being heard to the Respondents. The hearing of May 17, 2017 was held at Head Office of the Commission in Islamabad which was attended by officers of the Company; namely Mr. Kamran Saleem, CFO & Company Secretary, Mr. Jehanzaib Ahmed, Manager Legal & Compliance, and Mr. Muneeb Afzal Lone, Head of Internal Audit. They furnished an authority letter in their favor to represent the Respondents before the Commission in the instant matter.

11. During the hearing, the Authorized Representative stated that:

- i. Name of Mr. Said Gul is being reported as MD/CEO at one place in text. He reiterated that Accounts were signed by Mr. Zahid Hussain Awan as Chief Executive Officer;
- ii. Mr. Zahid Hussain Awan was appointed as Chief Executive Officer of the Company after resignation of the ex-CEO Mr. Javaid Muslim;
- iii. Approval of Mr. Zahid Hussain Awan was obtained in November 2016 whereas he assumed the charge in April 2017; and
- iv. Lenient view in the matter may be taken.

12. The Respondents were required to ensure compliance with the Notification. As per the Notification, the responsibility to place correct and accurate information on the website at all times rest with the Company. Disseminating factually incorrect information tantamount to misleading the public at large and policyholders in general.



13. The Company in its reply to the SCN has accepted unnoticed error in the profile of Mr. Said Gul under the tab of 'Board of Directors' whereby Mr. Said Gul is being reported as MD & CEO.

14. I have carefully examined and given due consideration to the written and verbal submissions of the Respondents, and have also referred to the provisions of the Ordinance, the Rules made thereunder and/or other legal references, I am of the view that the Company has misstated on its website in contravention of the Notification for which fine as provided under Section 499 of the Act can be imposed onto the Respondents i.e. the Company, its Chief Executive and Directors.

15. Section 499 of the Act states that:

"Punishment for non-compliance of directive of Court. – (1) Where any directive is given or order is issued by the Court, the officer, the Commission, the registrar or the concerned Minister-in-Charge of the Federal Government under any provision of this Act, non-compliance thereof within the period specified in such direction or order shall render every officer of the company or other person responsible for non-compliance thereof punishable, in addition to any other liability, shall be liable to a penalty of level 3 on the standard scale.

(2) If non-compliance or failure continues after conviction under sub-section (1), the officer or other person who is a party to such non-compliance or failure shall be liable to punishment with imprisonment which may extend to one year and fine not exceeding ten thousand rupees for every day after the first during which such non-compliance continues, and shall further cease to hold office in the company and be disqualified from holding any office in any company for a period of five years."

16. In exercise of the power conferred on me under Section 499 of the Act, I impose a fine of Rs. 300,000/- (Rupees Three Hundred Thousand Only) on the Company, for contravening Clause 1(B) of SRO 634(I)/2014. The Respondents are further directed to ensure full compliance with the Ordinance, rules, regulations and directives of the Commission in future.

17. This Order is issued without prejudice to any other action that the Commission may initiate against the Company and / or its management (including the Chief Executive Officer of the Company) in accordance with the law on matters subsequently investigated or otherwise brought to the knowledge of the Commission.

Fida Hussain Samoo
Commissioner (Insurance)

