



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 79 of 2022

Worldcall Telecom Limited

..... Appellant

versus

Director/HOD, Adjudication Department-I, SECP

..... Respondent

Date of hearing:

March 18, 2026

Present:

For the Appellant:

Mr. Imran Bashir, Authorized Representative

For the Respondent:

1. Mr. Sohail Qadri, Director/HOD, Adjudication Department-I, SECP
2. Mr. Muhammad Faisal, Deputy Director, Adjudication Department-I, SECP

ORDER

1. This Order shall dispose of Appeal No. 79 of 2022 filed by Worldcall Telecom Limited (the "Appellant"), against the Order dated July 29, 2022 (the "Impugned Order"), passed by the Director/Head of Department, Adjudication Department-I, Securities and Exchange Commission of Pakistan (the "Respondent"), under Section 96 of the Securities Act, 2015 (the "Act") read with Section 159 of the Act.
2. The brief facts of the case are that the Appellant, is a telecom and multimedia services company incorporated in 1996 and listed on the Pakistan Stock Exchange (the "PSX"). The concerned department of the Securities and Exchange Commission of Pakistan (the



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“Commission”) received a letter dated May 25, 2021 from NetSat Private Limited (“NETSAT”) disclosing that NETSAT had entered into an agreement with the Appellant dated February 23, 2021 (the “Agreement”) with respect to Optical Fibre Network (“OFN”), Hybrid Fibre Coaxial (“HFC”) and infrastructure in Karachi for a period of fifteen (15) years against payment of an agreed amount to the Appellant. The Respondent, upon examination of the available record, noted that the Agreement’s first and last pages bore the signatures of the Chief Executive Officers of both parties, a payment of Rs. 50 million had been made by NETSAT to the Appellant *vide* cheque dated March 10, 2021, Karachi based operations had been handed over to NETSAT and the majority of terms and conditions had been agreed upon. The Respondent considered the facts of non-disclosure of material and price sensitive information regarding the Agreement as violation of Section 96 of the Act, therefore, while taking cognizance of the said contravention, the Respondent issued a Show-Cause Notice dated October 11, 2021 (the “SCN”) to the Appellant requiring to explain as to why the aforesaid information being material and price sensitive had not been shared with the general public. The Appellant submitted its written reply to the SCN *vide* letter dated November 17, 2021 and a hearing was conducted on January 22, 2022 wherein the Appellant contended that the Agreement was a disputed document reflective of inconclusive negotiations and the final agreement between the parties was executed on September 20, 2021, which was duly disclosed through a PSX announcement dated September 23, 2021. Upon consideration of the record and all submissions, the Respondent passed the Impugned Order and imposed a penalty of Rs. 500,000/- (Rupees Five Hundred Thousand Only) upon the Appellant, in exercise of the powers conferred under Section 159(5) of the Act.

3. The Appellant preferred the instant appeal, *inter alia* on the following grounds:
 - i. The Respondent acted solely on NETSAT’s letter without independently verifying the basic facts of the case, thereby providing NETSAT an undue and unfair advantage over the negotiations. The premature intervention by the Commission at a stage when the parties were still in active negotiation created an impediment to the Appellant’s exercise of its contractual rights under the Contract Act, 1872.
 - ii. The Agreement dated February 23, 2021 constituted a “disputed document” reflecting inconclusive negotiations, the legal efficacy of which remained contingent upon



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finalization of a business plan. Given that the validity and enforceability of the said Agreement were themselves in dispute, any alleged non-disclosure to PSX cannot be attributed as an actionable omission on the part of the Appellant. To the contrary, disclosure of an inconclusive and unenforceable arrangement would have engendered a false market through dissemination of materially incomplete information.

- iii. The SCN alleged non-disclosure of "*material information*" rather than "*price sensitive information*" as defined under Section 96(1) of the Act. No specific sub-section of Section 96(1) of the Act was identified as having been violated, rendering the charges legally defective and the proceedings unsustainable under Section 159(5) of the Act. Further, the share price of the Appellant remained virtually unchanged in the period from September 23, 2021 to December 31, 2021 following the eventual PSX disclosure of the final agreement by the Appellant on September 23, 2021, demonstrating the absence of any material price-sensitive impact.
- iv. The Agreement pertained solely to the utilization of the Appellant's existing infrastructure, with all capital costs and major assets remaining vested in the Appellant. The provision of third-party services on the Appellant's network constitutes an activity undertaken in the ordinary course of business and, accordingly, the arrangement contemplated under the Agreement did not meet the threshold warranting mandatory disclosure obligations, irrespective of the duration of such arrangement.
- v. Frontline regulatory oversight of listed companies' disclosure obligations vests primarily with PSX. The Respondent's reliance on PSX Rule Book provisions within the SCN further confirms that the matter fell within PSX's regulatory domain.
- vi. Without prejudice to the foregoing, even assuming the information in question qualified as price sensitive, the Appellant was expressly entitled under Section 96(4) of the Act to delay public disclosure of price sensitive information so as not to prejudice its legitimate interests. It is noteworthy that the Commission's initiating letter dated May 27, 2021 selectively reproduced the provisions of Section 96(1) of the Act while deliberately omitting the critical qualifying phrase "*except as provided in sub-section (4)*" expressly contained therein, thereby depriving it of knowledge of its lawful right to delay disclosure.
- vii. The Impugned Order is founded on conjecture, misapplication of law and disregard of material facts, therefore liable to be set aside and the penalty imposed be waived.

4. In response to the Appellant's submissions, the Respondent, *inter alia*, submitted that:



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- i. The Impugned Order was passed after due consideration of the facts, merits, and established non-compliance of the Appellant with Section 96(1) of the Act. The Respondent did not rely solely on NETSAT's letter rather undertook independent verification of material facts. The issuance of the SCN on October 11, 2021 was preceded by extensive back-and-forth correspondence between the Commission, the Appellant, and NETSAT to substantiate the *prima facie* non-compliance. Crucially, the Appellant's own Chief Financial Officer acknowledged vide email dated April 16, 2021 that the Agreement had been signed on February 23, 2021 and that Karachi based operations had been handed over to NETSAT. This constituted a material admission by the Appellant's own management that the Agreement had been executed and that operational consequences had flowed from it.
- ii. The Agreement dated February 23, 2021 constituted a binding contract, and the information pertaining thereto qualified as price sensitive information within the meaning of Section 96(1) of the Act. The Appellant's contention regarding the non-fulfilment of conditions precedent is without merit, inasmuch as such conditions were merely consequential to an already executed agreement, as evidenced by the payment of Rs. 50 million and the physical handover of Karachi-based operations. Furthermore, the Appellant's voluntary disclosure of the final agreement through a PSX announcement dated September 23, 2021 itself constitutes an implicit acknowledgment of the price sensitive and material nature of the underlying transaction, which pertained to the same infrastructure and business arrangement as the Agreement dated February 23, 2021.
- iii. The instant proceedings did not invoke or rely upon any provision of the PSX Rule Book and instead solely revolve around the non-compliance of Section 96 of the Act by the Appellant.
- iv. The invocation of Section 96(4) of the Act by the Appellant was legally misplaced and contradicted its own principal position. Section 96(4) permits a listed company to delay disclosure of price sensitive information under its own responsibility only when all three prescribed conditions are cumulatively satisfied. The Appellant never demonstrated, either in its written reply or at the hearing, that it had consciously invoked the Section 96(4) discretion at the relevant time or that any of the three conditions were satisfied. Moreover, the Appellant's consistent position throughout the proceedings was an outright denial that the information constituted price sensitive information at all, a stance that is logically inconsistent with the simultaneous invocation of the right to delay disclosure of price sensitive information. The belated reliance on Section 96(4) of the Act, for the first time at the appellate stage, cannot cure the non-compliance already established.
- v. The Respondent prayed that the instant appeal be dismissed and the Impugned Order be upheld in its entirety.



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5. The Appellate Bench (the “Bench”) has heard the arguments advanced by both parties and has carefully examined the record, the submissions, and the materials placed before it, including the Agreement dated February 23, 2021, the comparative analysis of the Agreement, the final agreement dated September 20, 2021, and the email correspondence between the Appellant and NETSAT. The Appellant’s first ground that the Respondent acted solely on NETSAT’s letter without independent verification, thereby giving undue advantage to NETSAT is untenable and without factual foundation. The record demonstrates that the Respondent engaged in extensive correspondence with both the Appellant and NETSAT and independently verified all key facts and supporting evidence prior to issuance of the SCN. This verification provided an objective basis for the proceedings. The Bench further observes that regulatory oversight to enforce statutory disclosure obligations under the Act does not constitute premature interference or impede legitimate contractual negotiations, rather, it safeguards the interests of the investing public. The initiation of proceedings was, therefore, fully consistent with the law.
6. The Appellant’s primary ground is that the Agreement dated February 23, 2021 was not a concluded or enforceable contract and that the Respondent erred in treating it as a finalized agreement. The Bench notes that, as an undisputed fact, the Agreement bore the signatures of the Chief Executive Officers of both parties. Moreover, the Appellant’s Chief Financial Officer, Mr. Azhar Saeed, acknowledged in an email dated April 16, 2021 that the Agreement was signed on February 23, 2021 and Karachi based operations had been handed over to NETSAT. This acknowledgment, from the Appellant’s senior management, is of considerable evidentiary significance and constitutes a material admission that the Agreement had been executed and that the transaction, on the basis of the signed Agreement, had moved beyond the realm of mere negotiation and had acquired commercial substance. The Bench, therefore, rejects the Appellant’s argument that the Agreement was merely a “disputed document.”
7. The Appellant’s contention that the information in question did not constitute “*price sensitive information*” within the meaning of Section 96(1) of the Act is also rejected. Section 96(1) of the Act expressly obliges a listed company to disclose to the public, forthwith, any price sensitive information which has come to its knowledge and would be material to an investor’s



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investment decision. The Bench, however, finds merit in the Appellant's submission to the extent that the SCN and the Impugned Order did not explicitly identify which sub-section(s) of Section 96(1) of the Act, were violated. While the absence of such specific references does not invalidate the finding of a violation, the Bench will undertake a detailed analysis of the applicable limbs of Section 96(1) of the Act in the succeeding paragraph, with the relevant statutory provisions set out below for ease of reference:

“96. Disclosure of price sensitive information. — (1) *Except as provided in sub-section (4), a listed company shall disclose to the public forthwith any price sensitive information relating to the company or its subsidiaries which has come to the company's knowledge and which would be material to an investor's investment decision, including information that—*

(a) is necessary to enable the public to appraise the position of the company and its subsidiaries;

(b) is necessary to avoid the creation or continuation of a false market in the securities of the company (false market being defined as an uninformed market or one which is based on incomplete information); or

(c) might reasonably be expected to materially affect the market activity and the price of its securities.”

8. Having reproduced Section 96(1) of the Act above, the Bench now proceeds to analyse the applicability of each sub-section *seriatim* to the established facts. First, with respect to Section 96(1)(a) of the Act, which covers information; “*necessary to enable the public to appraise the position of the company and its subsidiaries*”, the Agreement involved the disposition of the Appellant's Karachi-based OFN and HFC infrastructure, a foundational component of its operating asset base to a third party for a period of fifteen years. An investor evaluating the Appellant's securities would necessarily require knowledge of this arrangement to form a meaningful assessment of the company's operational capacity, revenue-generating structure, and overall business position. Without this information, the investor's appraisal of the company's position would be materially incomplete. The Bench accordingly holds that the violation of Section 96(1)(a) of the Act is clearly established on the facts. Second, with respect to Section 96(1)(b) of the Act, which covers information “*necessary to avoid the creation or continuation of a false market in the securities of the company*” (false market defined as an uninformed market or one based on incomplete information), the Bench clarifies that the



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Appellant's argument that disclosure would itself have created a false market fundamentally inverts the legislative purpose of this sub-section. The false market that Section 96(1)(b) of the Act seeks to prevent arises when the investing public trades in ignorance of a material development that has already occurred. By February 23, 2021, the Appellant's senior management and NETSAT were aware of the Agreement, whereas, the investing public, remained entirely uninformed. This asymmetry between informed insiders and an uninformed market is precisely the malpractice that Section 96(1)(b) of the Act is intended to address, and the Bench therefore, holds that this sub-section too was violated by the Appellant's non-disclosure. Third, with respect to Section 96(1)(c) of the Act, which covers information that "*might reasonably be expected to materially affect the market activity and the price of its securities*", the Bench underscores that the test under this sub-section is prospective and objective, it is assessed at the time the information comes to the knowledge of the listed company, not retrospectively by reference to actual market movement following eventual disclosure. The relevant inquiry is whether a reasonable investor, at the time of the Agreement, would have expected the information to potentially affect the price of the Appellant's securities. A fifteen-year infrastructure management contract involving a substantial payment obligation of Rs. 200 million and an ongoing revenue-sharing arrangement, affecting the core operating assets of a listed telecom company in a major metropolitan area, plainly meets this threshold. The Bench accordingly holds that the violation of Section 96(1)(c) of the Act is also clearly established.

9. The Appellant argues that its share price during the period from September 23, 2021 to December 31, 2021, following the PSX announcement of the final agreement, remained largely unchanged and, therefore, demonstrates that the information was not in fact price sensitive. The Bench does not find this argument persuasive. The materiality of price sensitive information for the purposes of Section 96(1) of the Act, as noted in the preceding paragraph, is determined prospectively and objectively at the time the information comes to the knowledge of the listed company, by reference to whether it would be material to an investor's investment decision. Actual post-disclosure market movement is not determinative of whether information qualifies as price sensitive within the meaning of Section 96(1) of the Act. Moreover, the subsequent stability in the Appellant's share price may be attributable to



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a range of factors, including broader market conditions, prevailing investor sentiment, the limited free float of the Appellant's shares, the time lag between the execution of the Agreement and its eventual disclosure, and the fact that the disclosed agreement was the updated September, 2021 instrument rather than the original February 2021 instrument. None of these factors has been analysed by the Appellant. In these circumstances, post-disclosure share price behaviour is an unreliable proxy for assessing the price sensitivity of the original undisclosed information.

10. The Bench is also not unmindful of the Appellant's submission that negotiations continued after February 23, 2021, and that the parties disputed several material terms, including the revenue sharing arrangement, area of operations, payment schedule, and governance of the separate bank account, which were ultimately revised in the final agreement executed on September 20, 2021. The Bench has examined the comparative analysis of the two instruments on record, which confirms that several provisions of the Agreement were indeed modified in the September, 2021 instrument. However, the existence of ongoing negotiations and subsequent revisions does not retroactively negate the significance of the February 23, 2021 instrument for the disclosure obligation. The obligation under Section 96(1) of the Act is not contingent upon the absolute finality of every contractual term, it is triggered when information comes to the knowledge of a listed company that would be material to an investor's decision. The appropriate and legally compliant course would have been to disclose the Agreement as executed, informing the public that a significant fifteen-year infrastructure management agreement with a total agreed consideration of Rs. 200 million existed, while noting that certain terms remained under negotiation. Such qualified disclosure would have fulfilled the Appellant's statutory obligation and accurately reflected the state of affairs. The Appellant's choice to withhold all disclosure until final resolution is neither sanctioned by law nor consistent with the legislative intent of Section 96(1) of the Act.

11. The Bench further notes that the standard advocated by the Appellant, if accepted, would effectively allow listed companies to withhold commercially significant developments from investors indefinitely on the pretext of ongoing contractual negotiations. Such an approach would fundamentally undermine the purpose of Section 96(1) of the Act, which is to ensure



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that investors are informed of material developments affecting the listed company and to prevent the creation of false market. Furthermore, the Appellant's own conduct is instructive in this regard, i.e. the final agreement signed on September 20, 2021 was itself promptly disclosed to the PSX on September 23, 2021, thereby implicitly acknowledging that the underlying transaction was of a price sensitive and material nature. It is difficult to reconcile the Appellant's position that the final agreement warranted disclosure while the earlier February instrument did not. The Bench accordingly finds that the Respondent was correct in holding that disclosure was warranted upon signing the Agreement on February 23, 2021.

12. The Bench also rejects the Appellant's contention that the Agreement constituted an ordinary course of business transaction and therefore did not warrant mandatory disclosure. The Agreement provided for the disposition and long-term management of the Appellant's Karachi-based OFN and HFC infrastructure to a third party for a period of fifteen years, against a total agreed consideration of Rs. 200 million and an ongoing revenue-sharing arrangement. The magnitude, duration, and impact of the transaction cannot conceivably be characterized as an activity undertaken in the ordinary course of business. It is further noted that Regulation 5.6.1(ii) of the PSX Rule Book expressly identifies "any material contract entered into or lost" as a category of price sensitive information requiring immediate disclosure. The Agreement, by any objective measure, constitutes precisely such a material contract. The Bench accordingly finds no merit in this ground of appeal.

13. The Appellant's contention regarding the primacy of the PSX as the frontline regulator, and the alleged impropriety of the Commission's exercise of jurisdiction where the PSX had already taken cognizance of the matter, is rejected. The Commission's authority to adjudicate non-compliance with the Act is not displaced by any action or inaction on the part of the PSX. The Bench affirms that the Respondent's jurisdiction to adjudicate the present proceedings is well-founded in law, as the matter falls squarely within the Commission's statutory mandate under Section 96 of the Act. The record further confirms that no enforcement action was, in fact, initiated by the PSX in the matter as the same was taken up by the Commission.



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14. The Bench now turns to the Appellant's reliance on Section 96(4) of the Act as a justification for non-disclosure. Section 96(4) of the Act permits a listed company, under its own responsibility, to delay the public disclosure of price sensitive information so as not to prejudice its legitimate interests, provided that such delay is not likely to mislead investors, that the information remains subject to a duty of confidentiality, and that the company is able to ensure such confidentiality. The Bench finds this argument legally and factually untenable. Sub-section 4 of Section 96 of the Act is reproduced below for ease of reference:

"96(4) A listed company may, under its own responsibility, delay the public disclosure of price sensitive information such as not to prejudice its legitimate interests, provided that —

(a) such delay would not be likely to mislead public investors;

(b) any person receiving the information owes the listed company a duty of confidentiality, regardless of whether such duty is based on law, regulations, articles of association or contract; and

(c) the listed company is able to ensure the confidentiality of that information."

A plain reading of Section 96(4) of the Act demonstrates that it is a self-executing provision which requires a listed company to consciously and actively invoke the discretion to delay disclosure and to satisfy itself, at the relevant time, that each of the prescribed conditions is fulfilled. The Appellant's consistent position throughout the proceedings, both before the Respondent and before this Bench, has been that the Agreement did not constitute price sensitive information at all. A party that denies the very existence of price sensitive information cannot simultaneously invoke the right to delay its disclosure under Section 96(4) of the Act, the two positions are inherently contradictory. In any event, the Appellant has failed to demonstrate that it invoked Section 96(4) of the Act at the relevant time, assessed the risk of misleading investors, or took adequate steps to ensure confidentiality. On the contrary, the fact that NETSAT was able to communicate the existence of the Agreement to the Commission indicates that confidentiality was not maintained, thereby negating a core precondition for reliance on Section 96(4) of the Act. The belated invocation of this provision at the appellate stage is not a palatable argument for the non-compliance.



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15. The Bench has also considered whether the quantum of penalty imposed by the Respondent, of Rs. 500,000/- (Rupees Five Hundred Thousand Only), is proportionate in the circumstances. The Bench notes that under Section 159(5)(a)(ii) of the Act, the penalty in the case of a company may extend to Rs. 200 million, and the penalty imposed represents only a nominal fraction of the maximum permissible amount. The Bench further observes that the disclosure obligation under Section 96(1) of the Act is a fundamental and non-derogable tenet of market transparency and investor protection, the breach of which strikes at the integrity of the securities market. In this case, the non-disclosure persisted for a period of approximately seven months from February 23, 2021 to September 23, 2021, during which the investing public was deprived of knowledge of a material transaction involving the Appellant's core operating infrastructure. The violation was not inadvertent but resulted from a conscious decision by the Appellant to withhold the information on grounds that this Bench has found to be legally unsustainable. In these circumstances, the Bench finds the quantum of penalty imposed reasonable, proportionate and commensurate with the established non-compliance.
16. In view of the foregoing, the Bench finds no basis to interfere with the Impugned Order and upholds the same in its entirety. The penalty of Rs. 500,000/- (Rupees Five Hundred Thousand Only) imposed on the Appellant under Section 159(5)(a)(ii) of the Act shall stand and the Appellant is directed to comply with the terms of the Impugned Order accordingly.
17. Any person or party aggrieved by this Order may, within sixty (60) days from the date hereof, prefer an appeal under Section 34 of the Securities and Exchange Commission of Pakistan Act, 1997 before the competent forum, strictly in accordance with law.
18. Accordingly, the Appeal is dismissed on the above terms without any order as to costs.


(Zeeshan Rehman Khattak)
Commissioner


(Imtiaz Haider)
Commissioner

Announced on: **06 APR 2026**