



827

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s. PICIC Insurance Limited
Name of the Acquirer(s):	Mr. Naseer Ahmed
Number and Date of Show Cause Notice (SCN):	2(480)SMD/Adj-I/2025-731 Dated: July 30, 2025
Date of Hearing(s):	September 08, 2025
Case represented by:	<i>Acquirer appeared in person</i>
Provisions of law(s) involved:	Sections 110(1) of the Securities Act, 2015 (the "Act") and Regulation 4(2) of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 read with Section 126(3)(c) of the Act.
Date of Order:	October 03, 2025

This Order shall dispose of the proceedings initiated through the Show Cause Notice No. 2(480) SMD/Adj-I/2025-731 dated July 30, 2025 ("SCN") by the Securities and Exchange Commission of Pakistan (the "Commission") against Mr. Naseer Ahmed, (the "Acquirer"), a substantial shareholder of M/s. PICIC Insurance Limited (the "Target Company") for his alleged failure to disclose the acquisition of more than 10% shareholding in the Target Company, as required under Sections 110 of the Securities Act, 2015 (the "Act") and Regulations 4(2) of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (the "Regulations").

2. The provisions of Section 110(1) of the Act provides that any acquirer who acquires voting shares, which, taken together with voting shares, if any, held by the acquirer, would entitle the acquirer to more than ten percent (10%) voting shares in a listed company, shall disclose the aggregate of his shareholding to the said listed company, the securities exchange on which the voting shares of the company are listed and the Commission as provided in sub-section (2) *ibid*. Further, Section 110(2)(b) of the Act provides that the disclosure mentioned in sub-section (1) shall be made within two working days of the acquisition of voting shares.

3. Similarly, the provisions of regulation 4(2) of the Regulations provides that an acquirer who acquires voting shares beyond the thresholds prescribed under sub-section (1) of Section 110 of the Act, shall within two working days of the acquisition of shares make a disclosure of the acquisition to the target company, the securities exchange and the Commission containing the information prescribed in Schedule III of the Regulations.

4. The provisions of Section 126(3)(c) of the Act provides that if any person contravenes or otherwise fails to comply with the above provisions, the Commission may, if satisfied, after giving the person an opportunity of being heard, that the refusal, failure or contravention was willful, impose penalty which may extend to one hundred million rupees.

5. The brief facts of the case are that the Acquirer was required to disclose his acquisition made on January 14, 2025, constituting more than 10% voting shares of the Target Company, on the prescribed Schedule-III to the Target Company, the Pakistan Stock Exchange (PSX) and the Commission in terms of Section 110(1) of the Act read with Regulation 4(2) of the Regulations.

Handwritten signature and date: 03-10-2025

However, perusal of the relevant record of the Commission, *prima facie*, revealed that the Acquirer failed to provide the requisite disclosure as required under the law.

6. As per the record maintained by the Commission, the total issued Voting Shares of the Target Company stood at 35,000,000 and the trading activity of the Acquirer in the shares of the Target Company during the period from January 02, 2025 till January 14, 2025 is summarized herein below for ready reference:

Trade Date	Buy Qty	Sell Qty	Net Buy/ (Net Sell)	Cumulative Holding	Percentage
Shareholding of Mr. Naseer Ahmed as of June 30, 2024 as per list of Shareholders				417,000	1.19%
2025-01-02	500,000	-	500,000	917,000	2.62%
2025-01-06	548,405	-	548,405	1,645,405	4.19%
2025-01-08	1,00,000	-	1,00,000	2,465,405	7.04%
2025-01-10	255,000	-	255,000	2,720,405	7.77%
2025-01-14	805,000	-	805,000	3,525,405	10.07%
Total issued Voting Shares of the Target Company				35,000,000	

7. An analysis of the above trading activity reflected that on **January 14, 2025**, the Acquirer purchased **805,000** voting shares of the Target Company, and the cumulative shareholding of the Acquirer thus stood at **3,525,405** shares. Accordingly, on the said date, the Acquirer was entitled to **10.07%** of the total issued voting shares of the Target Company i.e. **35,000,000**, thereby attracting the disclosure threshold requirement entailed under Section 110(1) of the Act.

8. In terms of Section 110(1) of the Act and Regulation 4(2) of the Regulations, the Acquirer was required to disclose his shareholding on Schedule-III prescribed under the Regulations to the Target Company, PSX and the Commission, within two (02) working days of such acquisition. However, it was observed that no such disclosure was made by the Acquirer after acquisition of more than 10% voting shares of the Target Company on January 14, 2025, *prima facie*, in violation of Section 110(1) of the Act and Regulations 4(2) of the Regulations, which attract penal provisions contained in Section 126 of the Act.

9. In view of the aforesaid, the Commission vide letter dated **February 03, 2025** sought clarification/explanation from the Acquirer on the aforesaid non-compliance of the Act and Regulations. In response, the Acquirer vide letter dated **March 10, 2025** submitted that that he purchased 805,000 shares of the Target Company at Rs. 3.46 per share on **14 January 2025**, bringing the total shareholding to 3,525,405 shares. On **5 March 2025**, 125,405 shares of Target Company were sold at Rs. 1.80 per share, bringing his total holding in the Target Company to 3,400,000 shares (i.e. 9.7% of the total issued voting shares of the Company). However, the reply of the Acquirer was not found satisfactory.

10. In view of the above, cognizance in the matter was taken up and SCN was served upon the Acquirer on July 30, 2025 to show the cause in writing as to why a penal action may not be taken against him for non-compliance of the requirements of the Act and Regulations. In response to the SCN, the Acquirer vide letter dated **04th August, 2025** submitted that his acquisition of shares of the Target Company exceeded the shareholding threshold on **January 14, 2025**; however, he was not

Handwritten signature and date:
 03-10-2025

aware of such breach, and upon becoming aware of the legal disclosure requirements, the Acquirer promptly reduced his shareholding to below 10%. The Acquirer further requested to condone the default in question.

11. In order to meet the ends of justice and provide an opportunity of being heard to the Acquirer, hearing in the matter was fixed for **September 08, 2025**, which was attended by the Acquirer himself. During the course of hearing, the Acquirer reiterated the aforesaid submissions and informed that the questioned default occurred due to his lack of understanding of the law. Nevertheless, he submitted that the prescribed forms shall be duly filed, and requested that a lenient view be taken in the matter and default be condoned.

12. I have gone through the relevant provisions of Section 110(1) of the Act read with Regulation 4(2) of the Regulations, and considered the facts of the case, & written and verbal submissions of the Acquirer. I have also perused Section 126(3)(c) of the Act, which stipulates penal provisions for contravention of the afore-referred provision of law. I have noted that in terms of Section 110(1) of the Act and Regulation 4(2) of the Regulations, the Acquirer was required to disclose its shareholding in the manner as prescribed in Schedule-III of the Regulations to the Target Company, the PSX and the Commission, within two working days of such acquisition. However, it was observed that no such disclosure was made by the Acquirer after acquisition of more than 10% voting shares of the Target Company on **January 14, 2025**. It is considered abundantly necessary to shed light upon the rationale behind the promulgation of takeover laws (and regulations thereunder). The aforesaid schedules prescribed in the Act and the Regulations are critical in disclosing the shareholding status of substantial shareholder – thereby ensuring transparency, preventing conflicts of interest, mitigating risks of insider trading, and contributing to the integrity of the market. Accurate and timely disclosures enable investors to access crucial information for informed decision-making. The Appellate Bench of the Commission in case titled as *Mahboob Elahi, Chief Executive vs. Commissioner cited as 2013 CLD 1122 SECP* held that “...*Chief executive, in circumstances, crossed the threshold level...holding of voting shares in the company set out in...the Listed Companies (Substantial Acquisition of Voting Shares and takeovers) Ordinance, 2002 (pari-materia to the current requirement of the Act and the Regulations), which required the disclosure to the company and to the stock exchange on which the voting shares of the company were listed...increase in shareholding required compliance of...the Ordinance...Rationale as stated in the Preamble read with other provisions of the Ordinance was to provide for a fair and equal treatment to all the investors, as well as a transparent and efficient system for substantial acquisition of voting shares and takeovers of listed companies...Chief Executive of the company was required to comply with the requirements of...the Ordinance, but he failed to comply with the said requirement...”.*

13. In the case cited as 2010 CLD 262 titled *Syed Yawar Ali vs. Commissioner SECP*, the Appellate Bench of the Commission again held that “...*the rationale as stated in the preamble read with other provisions of the Takeovers Ordinance is to provide for a fair and equal treatment to all the investors as well as a transparent and efficient system for substantial acquisition of voting shares and take-over of listed companies. The preamble read with the provisions of the Takeovers Ordinance makes us conclude: that the Takeovers Ordinance was promulgated to develop a transparent system, where substantial acquisition of voting rights or control of listed companies was about to take place...The disclosure requirements to be complied with under the Takeovers Ordinance have been designed to attain the overall objective to promote, in conjunction with other regulatory regimes, the integrity of the financial markets.*”

14. It is also pertinent to note that lack of knowledge of the regulatory requirements does not absolve the Acquirer from his statutory duty to fulfil the requirements of law. Under the principle of

Naseer Ahmed
1
03-10-2025

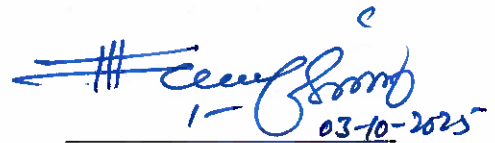
ignorantia juris non excusat [2020 PLC (C.S.) 1558; 1986 PLC 862: "ignorance of law is no excuse"], the individuals particularly key substantial shareholders are expected to be aware of their statutory obligations and be vigilant about ensuring meticulous compliance of the same. The requirement to file the disclosure in Schedule-III of the Regulations within the prescribed timeline is a regulatory obligation. Subsequent to the hearing proceedings, the Acquirer submitted a disclosure dated September 23, 2025 which was made in compliance of the requirements of Schedule III read with Regulation 4(2) of the Regulations.

15. With respect to the determination of willfulness of the Acquirer in conceding the questioned default of Section 110(1) of the Act and Regulation 4(2) of the Regulations in terms of Section 126(3)(c) of the Act, In *City Equitable Fire Insurance Co. Ltd., Re (1925 Ch. 407)*, later cited in **2005 CLD 333**, the Court held that a breach of duty will amount to a wilful default if it results from reckless carelessness, even if there was no actual knowledge of the consequences or intent to cause harm.

16. In view of the above observed facts and circumstances vis-à-vis the pronounced judgements, it is established beyond doubt that the Acquirer has contravened the provisions of Section 110(1) of the Act read with Regulation 4(2) of the Regulations which attracts penal action in terms of Section 126(3)(c) of the Act. Therefore, I, in exercise of powers conferred under Section 126(3) of the Act in terms of S.R.O.1545(I)/2019 dated December 06, 2019, hereby impose a penalty of **Rs.10,000/- (Rupees Ten Thousand only)** on the Acquirer on account of the established default. Furthermore, the Acquirer is strictly advised to file the complete disclosure immediately and report to the relevant department of the Commission and ensure meticulous compliance with the applicable legal and regulatory framework in the future.

17. The Acquirer is, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 162 of the Act will be initiated for recovery of the penalty/fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.

18. Without prejudice to the above, in case Acquirer is aggrieved by this Order may, within thirty days of the Order, may prefer to file review application in terms of Section 32B of the Securities and Exchange Commission of Pakistan Act, 1997 (SECP Act) or may file an appeal to Appellate Bench of the Commission in terms of Section 33 of the SECP Act in accordance with the procedure for filing an appeal as laid down under the Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2003.


03-10-2025

(Sohail Qadri)

Director / Head of Department
Adjudication Department-I

Announced:

October 03, 2025

Islamabad