



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

Review Application No. 3 of 2024

In the matter of

Appeal No. 14 of 2024

Date of hearing:

November 15, 2024

Present:

For Petitioner:

1. Mr. Yasir Ali Qureshi (Company Secretary)
2. Mr. Salman Mirza (Advocate)
3. Mr. Ehsan Malik (Advocate)

ORDER

1. This Order shall dispose of the Review Application No. 3 of 2024 (the Review) filed by Security Papers Limited (the Petitioner) under Section 32B(2) of the SECP Act, 1997 against the Interim Order dated July 24, 2024 (the Impugned Order) passed by the Appellate Bench (the Bench) in the matter of Appeal No. 14 of 2024 filed by Security Papers Limited (the Appeal).
2. The brief facts of the case are that during the hearing of the Appeal, the Petitioner's Counsel requested that certain information is required from the following five entities so as to enable them to assist the Bench:
 - i. Pakistan Security Printing Corporations (Pvt.) Limited
 - ii. The Punjab Provincial Cooperative Bank Limited
 - iii. State Life Insurance Company
 - iv. CDC-Trustee National Investment Trust
 - v. Pakistan Reinsurance Company Limited
3. The Petitioner filed a questionnaire to solicit replies of the above-mentioned five entities. The Bench partially accepted the request and directed Punjab Provincial Cooperative Bank Limited and



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CDC-Trustee National Investment Trust to file their replies to the questionnaire whereas, the request to the extent of Pakistan Security Printing Cooperation (Pvt.) Limited, State Life Insurance Company and Pakistan Reinsurance Company Limited was rejected through the Impugned Order.

4. The Petitioner had preferred the Review against the Impugned Order on the grounds that under Section 31A of the SECP Act, 1997 and under Rule 21 of the Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2003 (the Rules 2003) the Bench is empowered to call information from any person. The Petitioner argued that by these provisions, the Bench can direct the Pakistan Security Printing Cooperation (Pvt.) Limited, State Life Insurance Company, and Pakistan Reinsurance Company Limited to file the required information. The Petitioner further stated that the Impugned Order had been passed in violation of the High Court of Sindh's order dated May 16, 2024, passed in appeal no. 94 of 2024 wherein it was directed that the Appeal before the Bench shall not be concluded without calling the required details from five entities. The Petitioner lastly stated that to answer the queries asked by the Petitioner it is not necessary that such entities are made a party in the proceedings of the Appeal.
5. The Bench has perused the record and considered the written and verbal submissions made by the Petitioner and its Counsel. The Bench is of the view that the Petitioner's argument regarding powers to call information under Section 31A of the SECP Act, 1997 pertains to the Securities and Exchange Commission of Pakistan's functions, therefore, it is not relevant to the proceedings of the Appellate Bench. The Bench is of the view that Petitioner's argument regarding the violation of the High Court of Sindh's (the Court) order dated May 16, 2024, passed in appeal no. 94 of 2024 is misconceived because in its order, the Court held that "*....Respondent No.3 shall not conclude the appeal without calling the required details.....*". It is important to mention here that the Appellate Bench is cited as Respondent No.3 in the appeal filed before the Court and as a matter of record, the Appeal is still pending before the Bench, therefore, attribution of violation of the Court's order cannot be attributed to the Bench. The Bench endorsed the Portioner's argument that without impleading them as a party in the Appeal, a direction could be issued to Pakistan Security Printing Cooperation (Pvt.) Limited, State Life Insurance Company and Pakistan Reinsurance Company Limited under Rule 21 of the Rules 2003, to file comments/replies to the questionnaire.



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6. The Bench is of the view that to avoid the multiplicity of litigation and to secure the ends of justice, Pakistan Security Printing Cooperation (Pvt.) Limited, State Life Insurance Company, and Pakistan Reinsurance Company Limited are hereby directed to file the comments/replies to the questionnaire filed by the Petitioner. The relevant part of the questionnaire is reproduced below for reference and compliance;

“For: State Life Insurance Corporation of Pakistan (“SLIC”)

A. CONTROL

1. Which government entities own or control SLIC's shares, and what is the breakdown of their respective shareholdings?
2. How does SLIC vote its shares held in Security Papers Limited (“SPL”) ? Is the decision made by the Board of Directors, or has an attorney been designated for this purpose?
3. HAS SLIC exercised its voting rights in the general meetings?
4. Has SLIC ever nominated any candidates for election to the board of SPL?

B. OWNERSHIP STRUCTURE / PORTFOLIO INVESTMENT

1. Who within SLIC decides whether shares in SPL will be acquired? Are these acquired for trading or as long-term investments?
2. Under which ministry does SLIC operate, and whose approval is required for the buying and selling of shares?
3. Does SLIC's shareholding in SPL vary from time to time during any given financial year?
4. Are the shares of SPL registered in the name of SLIC? Do these shares belong to SLIC itself, or is the beneficial ownership with someone else?
5. Who exercises control of SLIC at the Board level?
6. If directors are nominated or elected on the Board of SPL, who do they represent on the Board level? Are they representing the policy holders of SLIC, or are they representing the Government?
7. Is the share-holding held by SLIC in SPL subject to change? If so, is government approval required?
8. What is the status of these shares? Are they frozen or subject to any lien, or are they freely tradeable in the market?
9. Which fund's money is used to buy the shares in SPL? Is it the policy-holders of the company, or the Government through the Board of Investment?”

“For Pakistan Security Printing Corporation (Pvt.) Ltd. (“PSPC”)



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A. CONTROL

1. Does SPL form a part of the supply chain in the currency printing operations of PSPC?

B. OWNERSHIP

1. Are the shares held by PSPC in SPL, part of their strategic long-term investments or not?
2. Does PSPC require approval from any relevant ministry for buying and selling of SPL shares?
3. Does PSPC's shareholding in SPL vary throughout the financial year?
4. Do these shares belong to PSPC's itself, or is the beneficial ownership with someone else?
5. If directors are nominated on the Board of SPL, who do they represent on the Board level? Are they representing PSPC, or are they representing the Government?"

"For Pakistan Reinsurance Company Ltd. ("PRCL")

A. CONTROL

1. Which government entities own or control PRCL's shares, and what is the breakdown of their respective shareholdings?
2. How does PRCL vote its shares held in SPL? Is the decision made by the Board of Directors, or has an attorney been designated for this purpose?
3. Has PRCL exercised its voting rights in the general meetings?
4. Has PRCL ever nominated any candidates for election to the board of SPL?


B. OWNERSHIP STRUCTURE / PORTFOLIO INVESTMENT


1. Who within PRCL decides whether shares in SPL will be acquired? Are these acquired for trading or as long-term investments?
2. Under which ministry does PRCL operate, and whose approval is required for the buying and selling of shares?
3. Does PRCL's shareholding in SPL vary from time to time during any given financial year?
4. Do these shares belong to PRCL itself, or is the beneficial ownership with someone else?
5. Who exercises control of PRCL at the Board level?
6. If directors are nominated or elected on the Board of SPL, who do they represent on the Board level? Are they representing the policy holders of PRCL, or are they representing the Government?



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7. *Is the share-holding held by PRCL in SPL subject to change? If so, is government approval required?*
 8. *What is the status of these shares? Are they frozen or subject to any lien, or are they freely tradeable in the market?*
 9. *Which fund's money is used to buy the shares in SPL? Is it the shareholders of the company, or the Government through the Board of Investment?"*
7. The Bench directs the Appellate Bench Registry to send copies of the Appeal to Pakistan Security Printing Cooperation (Pvt.) Limited, State Life Insurance Company, and Pakistan Reinsurance Company Limited along with this order to enable them to file the required comments/replies to the questionnaire on or before November 23, 2024. In view, thereof, the Appellate Bench Registry is directed to fix a hearing of the Appeal within three weeks of this order. Accordingly, the Review is partially accepted and disposed of.


(Abdul Rehman Warraich)
Commissioner


(Akif Saeed)
Chairman/ Commissioner

Announced on: 15 NOV 2024