

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Crescent Star Insurance Limited

Dates of Hearing

April 29, 2021

Order-Redacted Version

Order dated June 30, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Crescent Star Insurance Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated May 9, 2018.
2. Name of Respondent	Crescent Star Insurance Limited (the "Company")
3. Nature of Offence	Alleged contraventions of <u>Section 67 read with Section 156 of the Insurance Ordinance, 2000</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have carefully examined the facts of the case in light of applicable provisions of the law. The obligation to seek the approval under Section 67 of the Ordinance was directly applicable to the transferor who disposed of his shares and due to omission on part of the transferors/sellers, the Respondents cannot be held liable directly. Hence, any penalty under Section 156 of the Ordinance would not be justified. However, once the information was shared by CDC, the Company should have ensured compliance with the Ordinance. Being privy to the information as aforesaid, the Company cannot be absolved from its obligation under Section 67 of the Ordinance. The Respondents should bear in mind that they operate under the licensed regime and hold/invest funds of the general public in trust. Any allegation with respect to non-compliance of legal framework attached with the Company's name reflects poorly on the compliance mindset. Being aware of the mandatory legal provisions, the Company should have passed the instructions to its share registrar to generate alert/hold transfer till production of the requisite approval by the respective shareholders likely to breach the threshold set by the law. Therefore, the Respondents are hereby warned to be careful in future and ensure meticulous compliance with the Ordinance, rules, regulations and directives of the Commission.</p>

5. Penalty Imposed	Warning
6. Current Status of Order	No Appeal has been filed by the respondents.