



Securities and Exchange Commission of Pakistan

BEFORE APPELLATE BENCH NO. III

In the matter of

Appeal No. 16 of 2014

Nadeem Elahi, CEO Ali Asghar Textile Mills Ltd

..... Appellant

Versus

Director (MSRD)

Securities and Exchange Commission of Pakistan

..... Respondent

ORDER

Date of hearing

09/01/15

Present:

Appellant:

Mr. Nadeem Elahi, CEO

For the Appellant:

Mr. Salman Khimani, CFO/ Company Secretary

Department representatives:

Mr. Muhammad Farooq, Joint Director

Mr. Nazim Ali, Assistant Director



Securities and Exchange Commission of Pakistan

1. This order shall dispose of appeal No. 16 of 2014 filed under section 33 of the Securities and Exchange Commission of Pakistan (the "Commission") Act, 1997 against the order dated 10/03/14 (the "Impugned Order") passed by the Respondent.
2. Ali Asghar Textile Mills Limited (the "Company") is a public listed company and its director, the Appellant, was required to file return of beneficial ownership on Form 32, within the period prescribed under section 222 of the Companies Ordinance, 1984 (the "Ordinance"). However, he failed to discharge the said obligation which attracts penal provision contained in section 224(4) of the Ordinance.
3. Show cause notice ("SCN") was issued to the Appellant under section 224(4) read with section 222 of the Ordinance. The Appellant filed reply to the SCN and hearing in the matter was held. The Respondent took a lenient view and imposed penalty of Rs. 15,000 on the Appellant.
4. The Appellant has preferred the instant appeal against the Impugned Order. The Appellant argued that the return for change in beneficial ownership was filed online and hard copy of the same was also filed with CRO, Karachi. The Company Secretary of the Company was under the impression that e-filing was meant for the Commission. The Appellant promptly filed the form with the Commission as soon as he came to know that e-filing was meant only for the CRO. Due to this misunderstanding, the default was committed by the Appellant unintentionally. It was prayed that the penalty may be disposed of on this ground alone.
5. The department representatives argued that the Appellant, being CEO of the Company, was required to file return of beneficial ownership on Form 32,



Securities and Exchange Commission of Pakistan

with the respective CRO and the Commission, within the period stipulated under section 222 of the Ordinance. Section 222 of the Ordinance clearly states that the returns of beneficial ownership are required to be filed with the Registrar and the Commission. However, he failed to file the said return with the Commission within the stipulated time limit. The Appellant was, therefore, asked vide this office letter dated 08/07/13 for filing of the Form 32 and the Appellant upon reminder filed Form 32 on 21/08/13 with delay of 526 days.

6. We have heard the parties. Section 222(2)(c) is reproduced for ease of reference:

*“222. Submission of statements of beneficial owners of listed securities. -
(2) The period within which the said return is to be submitted to the registrar and the Commission shall be — (c) where there is any change in the position or interest as aforesaid including a change in the beneficial ownership of any equity, security, within fifteen days of such change;”*

Section 222 of the Ordinance clearly states that the returns of beneficial ownership are required to be filed with the Registrar and the Commission. However, in view of the fact that the Appellant had promptly, upon reminder from the department, provided the requisite form, we set aside the penalty imposed on the Appellant on the assurance that no such delay shall be made in the future and strictly warn the Appellant to be vigilant in the future.

Fida Hussain Samoo
Commissioner (Insurance)

Tahir Mahmood
Commissioner (CLD)

Announced on: **22 JAN 2015**