

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, December 22, 2016

NOTIFICATION

S.R.O. 1165 (I)/2016. - In exercise of the powers conferred by clause (f) of sub-section (1) of section 7, section 12 and sub-section (3) of section 167 of the Insurance Ordinance, 2000 (XXXIX of 2000) read with section 40 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) and having been previously published in the official Gazette vide SRO 565(I)/2016, dated June 21, 2016, the Securities and Exchange Commission of Pakistan, with the approval of the Securities and Exchange Policy Board, hereby makes the following amendments in the Insurance Companies (Sound and Prudent Management) Regulations, 2012, namely: -

AMENDMENTS

(1) In the aforesaid Regulations, in Regulation 2, -

(A) In sub-regulation (1), after clause (g) the following new clause (ga) shall be inserted, namely: -

“(ga) Consultant, Advisor, Executive Director or any other position by whatever name called, which is not a member of the Board of Directors but charged with the functions of decision-making and formulation of policies of an insurer;”

(B) In sub-regulation (3), after the words “Annexure “B” the words and letter “and Annexure “C”” shall be inserted.

(2) In Regulation 3(i), under the heading “Integrity and Track Record”, -

(A) after the clause (f), the following new clauses shall be inserted, namely: -

“(g) has been refused the right or restricted in his right to carry on any trade, business or profession for which a specific license, registration or other authorization is required by law in any jurisdiction;

(h) has been issued a prohibition order under any Act administered by any regulator or has been prohibited from operating in any jurisdiction by any financial services regulatory authority;

(i) has been censured, disciplined, suspended or refused membership or registration by any regulator, any other regulatory authority, an operator of a market or clearing facility, any professional body or government agency, whether in Pakistan or elsewhere;

(j) has contravened or abetted another person in breach of any laws or

regulations, business rules or codes of conduct, whether in Pakistan or elsewhere.”

(3) In Regulation 3(ii), under the heading “Financial Soundness”,-

(A) for clause (a) the following new clauses shall be inserted, namely:-

“(a) a proposed director or chief executive or principal officer shall submit an affidavit to the Commission affirming under the oath that the person and the companies, firms, sole proprietorships, etc. where the person is a chief executive, director (other than nominee director), owner or partner, etc. have no overdue payment of any financial institution:

Provided that in case of overdue in CIB report, no rejection shall be made unless the person has been given opportunity of making a representation before the approving authority, in order to clarify his position in the matter within 30 days of Notice sent by the Commission.

(a1) a proposed director or chief executive or principal officer shall not be considered as a fit and proper person if any overdue/past due payment to a financial institution, irrespective of amount, is appearing in the overdue column of latest CIB report of the person and of the companies, firms, sole proprietorships, etc. where the person is a chief executive, director (other than nominee director), owner or partner, etc.:

Provided that the following exceptions may be granted by the Commission for the purpose of this clause in case where:

(i) Amount overdue is under litigation and the same is also appearing as amount under litigation in the CIB report;
or

(ii) No overdue payment appearing in the overdue column in the subsequent latest CIB report.

(a2) a proposed director or chief executive or principal officer shall not be considered as a fit and proper person if his name is placed on the exit control list maintained by the Ministry of Interior, Government of Pakistan.

Explanation: For the purposes of the above clause, the proposed director/CEO/principal officer shall provide an affidavit to the insurer, on whose board he/she is to be appointed, confirming the placement / non-placement of his/her name on the exit control list, which shall be filed with the Securities and Exchange Commission of Pakistan along with the application for seeking approval under the Insurance Companies (Sound and Prudent Management) Regulations, 2012. All existing directors/CEO/principal officer of an insurer shall also provide the said

affidavit to that insurer, which shall be filed with the Securities and Exchange Commission of Pakistan within a period of one month from the date of coming into effect of this clause.

- (a3) a director or chief executive or principal officer subject to fit and proper criteria shall report any change with reference to his/her financial soundness to the insurer within three business days and the insurer shall within a period of seven business days report the same to the Commission”;

(B) after the clause (c), the following new clauses shall be inserted, namely: -

- “(d) whether the person is or has been unable to fulfil any of his financial obligations in Pakistan or elsewhere; or
- (e) whether the person is subject to a judgment debt which is unsatisfied, either in whole or in part in Pakistan or elsewhere;”

(4) In Regulation 3(iii)(a)(I),-

- (A) after the word “Key Officer”, the words “or Director or Chief Executive or Principal Officer” shall be inserted; and
- (B) after the words “insurance industry”, the words “or as an officer with Insurance Regulator” shall be inserted;

(5) In Regulation 3(iii)(a)(II),-

- (A) after the words “Fellow”, the words “or Associate” shall be inserted; and
- (B) after the word “Key Officer”, the words “or Director or Chief Executive or Principal Officer” shall be inserted; and
- (C) after the words “insurance industry”, the words “or as an officer with Insurance Regulator” shall be inserted;

(6) after Regulation 3(iv) “Conflict of Interest”, a new sub-Regulation 3(v) under the heading “Hearing Opportunity” shall be inserted, namely: -

“(v) **Hearing Opportunity**

In case of failure by a person to meet any of the fit and proper criteria set out in these Regulations, no rejection shall be made unless the person has been given opportunity of making a representation before the Commission.”

AFFIDAVIT

(On Stamp Paper of Appropriate Value)

I, _____ son/daughter/wife of _____ adult, resident of _____ and holding CNIC/ Passport No. _____ do hereby state on solemn affirmation as under: -

- (a) I have not been convicted in criminal breach of trust, fraud, etcetera;
- (b) I have not been convicted of an offence involving moral turpitude;
- (c) I have not been subject to adverse findings, after conducting an inquiry, by the Commission or any other regulatory or professional body or government agency;
- (d) I have not been involved in the financial irregularities or malpractices in a Company due to which the registration or license of the Company has been revoked or cancelled or which has gone into liquidation or other similar proceedings;
- (e) I am not ineligible, under the Companies Ordinance, 1984 and any other legislation from acting as a director;
- (f) I have not entered into a plea bargain arrangement with the National Accountability Bureau or any other regulatory body;
- (g) I have not been defaulter in repayment of loan to a financial institution or defaulter of a stock exchange;
- (h) I have not applied to be adjudicated as an insolvent and such application is not pending;
- (i) I am not an un-discharged insolvent;
- (j) I shall not be a director in any other insurer engaged in a similar line of insurance business in Pakistan, such as life or non-life insurance business;
- (k) I shall not have any direct or indirect ownership or management interest in any insurance surveyor or insurance broker;
- (l) I shall not be a member of stock exchange or director or employee of a brokerage house registered with any stock exchange or a spouse of such person;
- (m) I confirm that my name has not been placed on the exit control list maintained by Ministry of Interior, Government of Pakistan.
- (n) I confirm that I and the companies, firms, sole proprietorships, etc. where I am a chief executive, director (other than nominee director), owner or partner, etc. have no overdue payment of any financial institution except the following:
- (o) I confirm that I have not been refused the right or restricted in the right to carry on any trade, business or profession for which a specific license, registration or other authorization is required by law in any jurisdiction;
- (p) I confirm that I have not been issued a prohibition order under any Act administered by any regulator or have not been prohibited from operating in any jurisdiction by any financial services regulatory authority;
- (q) I confirm that I have not been censured, disciplined, suspended or refused membership or registration by any regulator, any other regulatory authority, an operator of a market or clearing facility, any professional body or government agency, whether in Pakistan or elsewhere;

- (r) I confirm that I have not contravened or abetted another person in breach of any laws or regulations, business rules or codes of conduct, whether in Pakistan or elsewhere;
- (s) I confirm that I am not or have not been unable to fulfil any of my financial obligations, whether in Pakistan or elsewhere;
- (t) I confirm that I am not subject to a judgment debt which is unsatisfied, either in whole or in part, whether in Pakistan or elsewhere;

Deponent

Solemnly affirmed before me on this _____ day of _____ at _____ by the Deponent above named who is identified to me by _____, Advocate, who is known to me personally.

Signature _____
(Name and Seal)


(Bilal Rasul)
Secretary to the Commission