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PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 17th August, 2020

S. R. O. 744(I)/2020.—In exercise of the powers conferred by section 10 read with clause (o) of sub-section (4) of section 20 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), and in supersession of its earlier notifications S.R.O. 1468(I)/2019 dated November 27, 2019, the Securities and Exchange Commission of Pakistan (the Commission), subject to such conditions and limitations as it may from time to time impose, hereby delegates the following powers and functions of the Commission to its Commissioner (Insurance) and the officers of the Insurance Division, to the extent of insurance companies, insurance brokers, Insurance surveyors and third party administrators only, whether listed or not.

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[5901(2020)/Ex. Gaz.]

1. Commissioner (Market Development Policy and Regulation Department – Insurance Division) and Commissioner (Supervision Department– Insurance Division)

S. No.	Relevant Section of the SECP Act, 1997 (XLII of 1997)	Nature of Power / Function
1	40B	Power to issue directives, circulars and guidelines.

S. No.	Relevant Section of the Companies Act, 2017 (XIX of 2017)	Nature of Power / Function
1	82(1) & (2)	To sanction issue of shares at discount on such terms and conditions as he deems fit and to allow extension in time to issue shares at discount.
2	83(1)(a)(iv)	To grant approval for extending period up to thirty days for allotment of offered shares that have been declined or remained un-subscribed by directors in a manner deemed fit by them, for public companies.
3	83(1)(b)	To allow a company to issue further share capital to any person for cash or for a consideration other than cash.
4	272	To impose restriction on shares and debentures and prohibition of transfer of shares or debentures in certain cases in the matter of a company and to vary or rescind any order made under sub-section (1) or sub-section (3) or sub-section (4) of section 272 of the Companies Act, 2017 (XIX of 2017)
5	483	To exercise the powers of a court as are vested under the Code of Civil Procedure in respect of all those matters as provided in clauses (a) to (d) of section 483, for the purposes of a proceedings or enquiry in exercise of his powers and discharge of functions.
6	503	To accord, give or grant approval, sanction, consent, confirmation, recognition, direction or exemption, subject to such conditions, limitations or restrictions as he may think fit to impose and may, in the case of contravention of any such condition, limitation or restriction, rescind or withdraw such approval, sanction, consent, confirmation, recognition, direction or exemption.

S. No.	Relevant Section of the Insurance Ordinance, 2000 (XXXIX of 2000)	Nature of Power / Function
1	6(1)	To issue/sign certificate of registration to carry on insurance business.
2	10(2)	To issue to the insurer a written certificate of registration
3	162(1)	To sanction the institution of proceedings.

S. No.	Relevant Rule of the Takaful Rules, 2012	Nature of Power / Function
1	8(2)	To refuse grant of authorization to an insurer.
2	8(4)	To review the decision of refusal to grant authorization to an insurer.
3	9(1)	To grant authorization to an insurer.
4	9(2)	To specify the conditions for authorization to be complied with by the Takaful Operator or Window Takaful Operator.
5	9(4)	To direct an Operator to cease entering into new Takaful Contracts.
6	10(1)(j)	To specify the reserves to be carried by the Participant Takaful Fund at all times.
7	11(1)(c)	To specify such other condition on the Window Takaful Operators
8	12(1)	To suspend or revoke the authorization of an Operator.

S. No.	Relevant regulations of Companies (further issue of shares) Regulations, 2018	Nature of Power / Function
1	3(10)	To extend time not exceeding sixty days for completion of right issue.
2	11	To approve issue of shares with differential rights.
3	12 (2)	To approve reschedule, amend, alter, vary or re-assess terms and condition of preference shares.
4	12 (3)	To issue directions in the event of default under sub-regulation (2) of regulation 12.
5	21	To grant relaxation from requirements of Regulation 3 to Regulation 19, based on the application of the company along with prescribed fee, subject to such conditions as it may deem fit.

S No.	Relevant regulation of the Listed Companies (Buy-Back of Shares) Regulations, 2019	Nature of Power / Function
1	14	To issue directions to the purchasing company, any of its directors, officers, the manager to the purchase or any other person in terms of regulation 14.

2. Executive Director/Director/Head of Department (Market Development Policy and Regulation Department - Insurance Division) and Executive Director/Director/Head of Department (Supervision Department – Insurance Division)

S. No.	Relevant Section of the SECP Act, 1997 (XLII of 1997)	Nature of Power / Function
1	28A	To authorize in writing one or more employees to inspect any record or document relating to any regulated activity.
2	29	To authorise investigations into the affairs of an insurer at its own motion.
3	32A	To issue such directions to give effect to the Commission's orders or to prevent abuse of its process, including but not limited to, seeking the assistance of the local administration or Police.

S. No.	Relevant Section of the Companies Act, 2017 (XIX of 2017)	Nature of Power / Function
1	83(1)(a) Proviso	To grant approval for Employee Stock Option Scheme in accordance with the proviso to section 83 (1)(a)(iv), for public companies.
2	125(1) Proviso	To extend the period of book closure mentioned in sub-section (1) for a further period of fifteen days.
3	132(1)	To grant extension in period upto thirty days for holding annual general meeting beyond the due date.
4	147(1)	To call or direct the calling of an overdue statutory meeting, annual general meeting or an extra-ordinary general meeting of a company.
5	147(2)	To direct that all expenses incurred in connection with holding of a meeting of a company as per direction under sub-section (1) may be recovered from any officer of the company.
6	182(1)	To accord approval for the grant of a loan or give any guarantee or provide any security in connection with a loan made by any other person to a director of the company, for purposes specified therein.
7	196(1)	To accord approval for appointment of any sole purchase, sale or distribution agent of a company.

S. No.	Relevant Section of the Companies Act, 2017 (XIX of 2017)	Nature of Power / Function
8	204(7)	To provide for the extent of duties and the role of directors.
9	204(8)	To impose any restriction on any breach of duty, default or negligence by a director in contravention of the articles of the company or any of its policy or decision of the board.
10	221(1)	To authorize an officer to inspect books of accounts and books and papers of a company.
11	223(2)	To grant extension up to thirty days in the period for laying the financial statements by a company in the annual general meeting.
12	228(7)	To grant exemption from provisions relating to consolidated financial statements.
13	229(2)	To extend financial year of a holding company with regard to a subsidiary's financial year for companies and to exempt the holding company or its subsidiary to hold AGM within the relevant calendar year under specific circumstances.
14	237(1) 2nd proviso	To extend the period of filing in case of accounts of first quarter for a period not exceeding thirty days, if the company was allowed extension in terms of sections 223.
15	238(1)	To require insurance companies to submit additional statements and accounts.
16	243(2)	To allow the company to withhold or defer payment of dividend.
17	244(4)	To receive and forward the claim to the bank for payment to entitled person of the sum equivalent to his un-claimed or unpaid dividend or amount of proceeds etc.
18	246(6)	To grant approval for appointment of auditors in place of the auditors removed during the tenure.
19	246(7)	To give order to rectify the default or appoint auditor in circumstances specified in sub-section (7).
20	246(8)	To fix remuneration of the auditor where appointed by the Commission.
21	247(8)	To appoint a qualified person as auditor of a company in place of an un-qualified person or of a person who is subject to any dis-qualification to act as such. Where such appointment is made by the company.
22	255(1)	To grant permission to the inspector or investigation officer to enter and search etc., any place where required documents/records etc. of a company are kept.
23	255(3)	To extend the time for retention of record seized under section 255(1) or (2) for further period not exceeding thirty days.
24	256	To order investigation and appoint inspector(s) to investigate into affairs of a company and to require the applicants requesting for investigation to provide evidence and to give such security for payment of the costs of the investigation as the Commission may specify.
25	257	To order investigation and appoint inspector(s) to investigate into affairs of a company.
26	258(1)	To authorize any one or more of its officers or appoint such number of professionals as an inspector or investigation officer to investigate such serious nature of offences relating to a company as provided in Sixth Schedule.
27	260	To accord approval to the inspectors for investigation into the affairs of any other associated company or associated undertaking, which is, or has been associated and also from chief executive of any such company.
28	262	To direct the inspector to make an interim report or to provide a copy of investigation report to the company or to any such persons on such terms as specified in section 262 (2).
29	264(1)	To make an application to the Court on the basis of findings of the inspector's report under section 262.

S. No.	Relevant Section of the Companies Act, 2017 (XIX of 2017)	Nature of Power / Function
30	269	To initiate proceedings for recovery of damages or property in the name of the company or body corporate.
31	270	To defray and re-imburse expenses of investigation and to do all acts incidental.
32	439(1)	To call upon the foreign company and any of its present or past directors, officers or auditors or a person who is directly or indirectly the beneficial owner of its equity securities to furnish the information about the shareholding in the company.
33	474(1)	To make an order directing the company and any officer thereof, as the case may be, to make good the default or undo the irregularity or otherwise make amends, as the circumstances may require, within such time as may be specified in the order.
34	477	To make complaint to a court against the alleged offence of a company.
35	483	To exercise the powers of a court under the Code of Civil Procedure, 1908 in matters specified in this section.
36	484(3)	To issue a directive to the chief executive or other officer of the company to appear before him personally and answer the charges.
37	487	To direct any officer of the Commission, authorise any other person to present an appeal against the order of acquittal.
38	488	To order for payment of compensation in cases of frivolous or vexatious prosecutions.
39	503	To accord, give or grant approval, sanction, consent, confirmation, recognition, direction or exemption, subject to such conditions, limitations or restrictions as he may think fit to impose and may, in the case of contravention of any such condition, limitation or restriction, rescind or withdraw such approval, sanction, consent, confirmation, recognition, direction or exemption.

S. No.	Relevant Section of the Insurance Ordinance, 2000 (XXXIX of 2000)	Nature of Power / Function
1	10(1)	To cause notification of grant or revocation of registration in the official gazette.
2	10(3)	To issue duplicate certificate of registration.
3	11(1)	To evaluate the conditions imposed on registered insurer.
4	12(1)	To evaluate the insurer or applicant for registration as an insurer under the criteria for sound and prudent management.
5	13(2)	To direct the life insurer in writing to make changes in the particulars and materials filed sub-section (6) or (8) of section 6 or any amendment to the documents filed under sub-section (9) of section 6.
6	14(8)	To approve division or amalgamation of statutory funds.
7	22(9)	To order the life insurer to make surplus adjustment if in case its expenses exceed the limits prescribed by the Commission.
8	23(9)	To order the life insurer to make expense adjustment if in case its expenses exceed the limits prescribed by the Commission for investment linked contracts.
9	26(2)	To dis-approve the appointment of appointed actuary and require the appointment of another actuary.
10	27(4)	To approve/disapprove the dismissal of appointed actuary.
11	31	To approve refund of deposit.
12	32(1)(d)	To declare those assets as are to be admissible for the purposes of Part- V of the Ordinance.
13	32(8)	To make declaration under clause (d) of sub-section 1 of section 32 on application by an insurer.
14	32(9)	To declare assets as not to be admissible assets of an insurer or a life-insurance statutory fund maintained by an insurer, under clause (w) of sub-section (2) of section 32.

S. No.	Relevant Section of the Insurance Ordinance, 2000 (XXXIX of 2000)	Nature of Power / Function
15	36(4)	To direct an insurer not to deal with any specified asset for any specified period.
16	41(3)	To require further information and clarification from an insurer on account of alteration in the re-insurance treaty.
17	41(4)	To direct the insurer to make modifications in its re-insurance arrangement.
18	41(5)	To allow reinsuring facultative outside Pakistan any insurance business or any part thereof underwritten by it in Pakistan.
19	45(5)(c)	To approve, manner other than those mentioned in clauses (a) and (b) of sub-section (5) of section 45.
20	45(5)(Proviso)	To approve that the matters recorded or stored are capable of being reproduced in a written form.
21	48(1)	To approve the auditor as qualified to perform audits of insurance companies.
22	49(1)	To appoint the auditor for special audit.
23	49(5)	To specify the time for payment of fee by the insurer to the special auditor.
24	50(7)	To order an actuarial investigation in respect of such class or sub-class of non-life insurance business.
25	51(1) Proviso	To extend time, on application by an insurer, allowed by sub-section (1) of section 51 for furnishing of returns.
26	51(2)(Proviso)	To extend the time allowed for furnishing returns on application by an insurer by a further period not exceeding fifteen days.
27	55(1)	To supply certified copy of any return, or of any part thereof, on payment of fee.
28	57(1)	To order an actuarial investigation into the financial condition of the life insurer.
29	57(2) Proviso	To specify date for furnishing the report of the investigation.
30	57(3) Proviso	To specify date and manner for furnishing the investigation report.
31	59(1)	To order investigation of the affairs of an insurer and wherever necessary, employ an auditor or actuary or both for assisting it in such investigation.
32	59(3)	To order the insurer to take such action in respect of any matter arising out of the investigation.
33	59A (1)	Power to appoint inspector/s for conducting inspection/s.
34	59A (3)	Power to call for information documents and assistance in the course of inspection.
35	59 A (5)	Power to give/dispense with written notice of inspection.
36	60(1)	To give directions to the insurer.
37	60(2)	To modify or cancel any direction given under sub-section (1) section 60.
38	61(1)	To direct an insurer to supply the Commission with any information relating to its insurance business.
39	61(2)	To direct that the information supplied may be certified by the principal officer of the insurer.
40	61(3)	To direct the chief executive or principal officer of an insurer to discuss with the Commission any matter pertaining to the business or management of the insurer.
41	61(4)	To authorize an officer of the Commission to observe the manners in which affairs of the insurer or of any of its offices or branches are being conducted.
42	62(1)	To direct an insurer to prepare, present to its directors and to the Commission, a plan or action to rectify or to prevent an actual or apprehended contravention by the insurer of the conditions of registration set out in section 11.

S. No.	Relevant Section of the Insurance Ordinance, 2000 (XXXIX of 2000)	Nature of Power / Function
43	62(2)	To call for such information and opinions or certificates with the plan of action under sub-section (1) of section 62.
44	63(1)	To give direction to the insurer to cease entering into new contracts of insurance.
45	63(2)	To issue a direction to cease entering into new contracts of insurance.
46	63(5)	To revoke the direction given under sub-section (1) of section 63.
47	64(1)	To order calling of meetings of directors, to allow any officer of the Commission to attend and speak at any meeting of Board of Directors.
48	67(1)	To grant approval for acquisition of a shareholding of more than ten percent.
49	67(3)	To require the applicant to submit further documents to make an informed decision about the transaction in the interest of policy holders and the shareholders.
50	84	To allow the officers of the Commission to visit the offices and branches of insurers and inspect books, record and papers.
51	85(1)	To appoint another surveyor to conduct an independent survey.
52	89(4)	To direct insurer to make changes in the variation proposed by the insurer in the basis of calculation of the surrender value, referred in sub-section (3) of section 89.
53	102(3)	To issue an Insurance broking license.
54	102(7)	To apply for an order from the Tribunal that a person is dis-qualified from acting as an insurance broker.
55	110	To inspect insurance agents and insurance broker.
56	112(1)	To issue license to insurance surveyor.
57	112(2)	To renew the license for a term of not more than twelve months on application made by the holder of license.
58	113(1)	To register a person as surveying officer.
59	113(2)	To renew the license of an authorized surveying officer
60	113(4)	To prescribe the form and contents of reporting by the insurance surveying officer.
61	118(1) & (2)	To take cognizance for default in complying with provisions of section 118.
62	143(2)(c)	To apply to the court for winding up of insurance company.
63	147(1)	To apply to Court for appointment of an actuary to investigate the life insurance business of the insurer.
64	149(1)	To apply to the court for directions regarding any matter arising in connection with or upon the winding up of an insurer.
65	149(2)	To serve written notice on the liquidator and the special manager of the proposed application under sub-section (1).
66	151(1)	To request a liquidator or a special manager to provide such information as the Commission may deem necessary.
67	151(2)	To grant further period to a liquidator or a special manager to provide information for winding up of an insurer.

S. No.	Relevant Rule of the Insurance Rules, 2017	Nature of Power / Function
1	14(2)	To grant written permission to a life insurer to maintain the solvency margin in its shareholders' fund and statutory funds in aggregate.
2	18	To allow re-insuring facultative outside Pakistan any insurance business or any part thereof underwritten by it in Pakistan.
3	19	To relax from the requirement to comply with the formats annexed as Annexure-II to the Insurance Rules, 2017, for reasons to be recorded in writing, subject to such conditions as it may deem fit.

S. No.	Relevant Rule of the Insurance Rules, 2017	Nature of Power / Function
4	21	To determine the fee payable to the auditor appointed under Section 49 of the Insurance Ordinance to conduct special audit of a company.
5	34(c)	To approve the curriculum of foundation course; and to recognize an institute to examine and certify the foundation course and refresher course for the purposes of clause (c) of rule 34 and second proviso thereof. To grant exemption to the agents and designated persons from the requirement of foundation course who meet such criteria and requirements as may be approved by the Commission from time to time, but such exemption shall be availed through registering with an institute as approved by the Commission.
6	35(a)(vii) & (b)(vii)	To specify other particulars to be maintained in respect of natural person or body corporate insurance agent.
7	38	To approve the appointment of chief executive officer of an insurance broker under proviso to sub-rule (1). To provide opportunity of making representation to the person in case of overdue or past due payment under proviso to sub-clause (i) of clause (b) of sub-rule (2). To provide exemptions under proviso to sub-clause (ii) of clause (b) of sub-rule (2)
8	44(c)	To approve a professional institute for conducting test for authorised surveying officer for any or all classes of insurance surveying business. To provide waiver to a fresh applicant under first and second proviso to sub-rule (c) of rule 44.
9	45	To approve insurance institute(s) authorized to issue Continuous Professional Development Certificate for directors and chief executive officer of all fresh applicants for classes of insurance surveyor business specified at clause (d), (e), (f), (g) and (h) of sub-rule (1) of rule 41. To approve professional institute authorized to conduct Continuous Professional Development for authorised surveying officers.
10	47(5)	To direct the insurer to arrange an additional survey of the subject matter of the survey report to be performed by one or more licensed insurance surveyors.
11	50	To require any person carrying on such activities in Pakistan to withdraw any written, electronic or other material issued by it for mass communication or communication with a policyholder or prospective policyholder.
12	50(2)	To approve a date other than the 31st December for reporting by the insurance brokers.
13	Paragraph 3(b) of Annexure - III	To specify certain scenarios through circular, requiring the appointed actuary to determine the policyholder liabilities, with the margin being determined as the highest excess of the liabilities determined in any of the scenarios over those displayed in the financial statements.

S. No.	Relevant Regulation of the Insurance Accounting Regulations, 2017	Nature of Power / Function
1	5	To relax from the requirement to comply with the Insurance Accounting Regulations, 2017, for reasons to be recorded in writing, subject to such conditions as it may deem fit.

S. No.	Relevant Regulation of the General Takaful Accounting Regulations, 2019	Nature of Power / Function
1	21	To relax from the requirement to comply with the General Takaful Accounting Regulations, 2019 for reasons to be recorded in writing, subject to such conditions as it may deem fit.

S. No.	Relevant Regulation of the Third Party Administrators for Health Insurance Regulations, 2014	Nature of Power / Function
1	5(3)	To required further information at the time of registration of a Third Party Administrator.
2	6(2)	To grant a certificate of registration to the applicant.
3	7(2)	To grant certificate of renewal of registration to the Third Party Administrator.
4	8(1)	To refuse to grant or renew the certificate of registration.
5	8(4)	To take such measures and issue such directions as deemed necessary in the interest of the public, while refusing to renew the registration.
6	14(a)	To specify any other officer encouraged to be inducted / retained by the Third Party Administrator.
7	18(2)	To approve of the appointment of the proposed Director or the Chief Executive or the Principal Officer of the Third Party Administrator.
8	20	To appoint inspectors to inspect the books, records and documents of a Third Party Administrator and also determine whether the expenses of the external inspectors shall not be borne by the Third Party Administrator.
9	21(xvii)	To issue guidelines / directions.
10	24(1)	To approve an auditor who shall be eligible to conduct audit of a Third Party Administrator.
11	27	To publish press release to announce cancellation of registration of a Third Party Administrator.
12	28	To order inspection / investigation of a Third Party Administrator.

S. No.	Relevant regulations of Companies (further issue of shares) Regulations, 2018	Nature of Power / Function
1	3(5)	To extend time for book closure of right shares.

S. No.	Relevant Rule of the Securities and Exchange Commission (Micro-insurance) Rules, 2014	Nature of Power / Function
1	3(1)	To consider approval of the micro-insurance products
2	3(2)	To approve reliable medium for offer and acceptance to form a valid micro-insurance contract.
3	5(4)	To approve any organization eligible to conduct a training program of not less than 20 hours for micro-insurance agents
4	5(5)	To approve any organization eligible to conduct a training program of not less than 4 hours for micro-insurance agents through over-the-counter means.
5	8(2)	To approve an alternative dispute resolution service to resolve complaints.
6	8(5)	To direct an insurer and the micro-insurance agents to change their complaints and grievance handling mechanism.
7	11(2)	To share information among micro-insurance and general public through the means it deems appropriate.

S. No.	Relevant Rule of the Takaful Rules, 2012	Nature of Power / Function
1	5(1)	To specify application form along with documents and information for authorization as Takaful Operator
2	5(2)	To require an applicant to furnish further information or clarification on filing application for authorization as Takaful Operator.
3	6(1)	To specify application form along with documents and information for authorization as Window Takaful Operator.
4	6(2)	To require an applicant to furnish further information or clarification on filing application for authorization as Window Takaful Operator.
5	7(1)	To specify the requirements for transformation of a General Insurer to a Takaful Operator.
6	11(1)(d)	To specify the relevant experience and knowledge for Head of window takaful operations.
7	16	To specify the form of the register of takaful contracts.
8	21(5)	To specify the surplus distribution mechanism for general takaful operators.
9	25(3)	To put up issues before the Shariah Advisory Board.
10	26(2)	To approve appointment of Shariah Advisor of an operator.
11	26(3)	To require an Operator to change its Shariah Advisor.
12	28(2)	To approve institutions and course outline to provide training.

S. No.	Relevant Clause of the Code of Corporate Governance for Insurers, 2016	Nature of Power / Function
1	Clause (lxxxi)	To approve relaxation from any of the requirements of the code in terms of clause (lxxxi) subject to such conditions as may be deemed fit.

S. No.	Relevant regulation of the Listed Companies (Code of Corporate Governance) Regulations, 2019	Nature of Power / Function
1	38	To extend the time for compliance with any of the mandatory requirements of the regulation 3, 6, 7, 8, 27, 32, 33 and 36 of Regulations.

In case of vacancy or un-availability of Executive Director / Director / Head of Department (Market Development Policy and Regulation Department - Insurance Division) and Executive Director / Director / Head of Department (Supervision Department – Insurance Division) the powers and functions delegated to him / her through this notification shall stand delegated to the Commissioner (Market Development Policy and Regulation Department - Insurance Division) and Commissioner (Supervision Department – Insurance Division).

This notification shall not affect anything done, order made, notification issued, show cause issued, circular made, proceeding commenced, penalty imposed and / or collected, sanction granted, approval made, fee directed or collected, direction given, investigation, inspection or inquiry conducted or any other action taken or done under or in pursuance of the above referred superseded notifications, shall be valid and under lawful authority.

Any pending proceeding under the superseded notifications shall stand transferred to the delegated authority, as provided in this notification forthwith, who shall proceed with the matter as it stands prior to coming into effect of this notification.

[No. ID/PRDD/Misc./2020.]

BILAL RASUL,
Secretary to the Commission.