

**GOVERNMENT OF PAKISTAN**  
**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

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*Islamabad, the 14<sup>th</sup> December 2018*

**NOTIFICATION**  
**DIRECTIVE**

**S.R.O. 1525 (I)/2018.-** Whereas the Securities and Exchange Commission of Pakistan (the Commission) has prescribed the Insurance Companies (Sound and Prudent Management) Regulations, 2012 in exercise of the powers conferred upon the Commission with respect to fitness and propriety requirements imposed upon the chief executives, directors and key officers of the insurance companies through SRO 15(I)/ 2012 dated January 9, 2012 in order to prepare and establish the insurance sector to meet the challenges of globalization and to avoid maladministration and that the insurance companies must be run by competent persons with adequate know-how of the insurance business without any involvement in financial crimes.

AND WHEREAS the Commission has to ensure compliance and effective implementation of the Anti-Money Laundering Act, 2010 (AML Act, 2010) and the Anti Terrorism Act, 1997 along with rules and regulations made thereunder including the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018 (SECP-AML/CFT Regulations, 2018).

NOW THEREFORE, in exercise of the powers conferred under Section 40B read with clause (w) and clause (y) of sub-section (4) and clause (fa) and clause (g) of sub-section 6 of Section 20 of the Securities and Exchange Commission of Pakistan Act, 1997, the same having been published vide SRO 1201(I)/2018 dated October 3, 2018 for eliciting public opinion thereon, the Commission hereby directs all the regulated, licensed and associated persons and entities which fall under the domain of insurance sector regulated by the Commission to comply with following requirements in addition to the requirements that the Commission has already notified either through Rules, Regulations or through other legislative instrument, namely:-

1. The eligible person who has made application under Section 6 of the Insurance Ordinance, 2000 (the Ordinance) and insurance intermediaries who have applied for the licence under the applicable provisions of the Ordinance, shall submit with the Commission, at the time of registration as insurer or insurance intermediary, as the case may be, undertaking(s) (on the prescribed format attached as Annexure A) duly signed by the sponsors, promoters and their ultimate beneficial owners that they have not been convicted in criminal breach of trust, fraud, offences of money laundering including predicate offences as provided in the AML Act, 2010 or contravened any provision of SECP-AML/CFT Regulations, 2018 or any other AML/CFT requirements notified by the Commission;

*Explanation:* Ultimate beneficial owners for the purposes of this directive mean natural person(s) who ultimately own ten per cent or more of voting shares or control of the company; and

the term 'Insurance Intermediary' includes insurance agent, corporate insurance agent, insurance surveyor, insurance broker and third party administrator (for health insurance).

2. The insurer at the time of seeking approval in terms of the Insurance Companies (Sound and Prudent Management) Regulations, 2012, shall submit to the Commission, undertaking(s)

duly signed by the proposed directors or chief executive or principal officer of the insurer that they have not been convicted in criminal breach of trust, fraud, offences of money laundering including predicate offences as provided in the AML Act, 2010 or contravened any provision of SECP-AML/CFT Regulations, 2018 or any other AML/CFT requirements notified by the Commission;

3. The insurer shall submit an affidavit annually to the Commission that its key officers, as defined in the Insurance Companies (Sound and Prudent Management) Regulations, 2012, have not been convicted in criminal breach of trust, fraud, offences of money laundering including predicate offences as provided in the AML Act, 2010 or contravened any provision of SECP-AML/CFT Regulations, 2018 or any other AML/CFT requirements notified by the Commission;
4. The applicant at the time of seeking approval for issuance of licence as insurance broker in terms of the Insurance Rules, 2017 and third party administrator (for health insurance) under the TPA Regulations, 2014 , shall submit to the Commission, undertaking(s) (on the prescribed format attached as Annexure A) duly signed by the proposed directors or chief executive, principal officer and key officers of the insurance broker that they have not been convicted in criminal breach of trust, fraud, offences of money laundering including predicated offences as provided in the AML Act, 2010 or contravened any provision of SECP-AML/CFT Regulations, 2018 or any other AML/CFT requirements notified by the Commission;
5. The insurer during the execution of various processes relating to insurance policies, including but not limited to underwriting, issuance, endorsement, withdrawal, claim, or maturity, shall ensure that there does not exist any conflict of interest of the insurance intermediaries, particularly, in terms of AML Act, 2010 or SECP-AML/CFT Regulations, 2018 or any other AML/CFT requirements notified by the Commission;
6. At the time of acquisition of a shareholding, or any part in case of non-life insurer, of more than ten per cent (10%) in an insurance company in terms of Section 67 of the Ordinance, the acquirer(s) or the authorized person in case of corporate entity shall submit undertaking (on the prescribed format attached as Annexure A) that the acquirer or the beneficial owners have not been convicted in criminal breach of trust, fraud, offences of money laundering including predicated offences as provided in the AML Act, 2010 or contravened any provision of SECP-AML/CFT Regulations, 2018 or any other AML/CFT requirements notified by the Commission;
7. Any person to whom this direction applies and who contravenes or fails to comply with the requirements of this direction or submits an affidavit which is false in material respect or where under a misstatement is made shall be liable to imposition of penalty under Section 40A of the Securities and Exchange Commission of Pakistan Act, 1997 which may extend to ten million rupees and where contravention is a continuing one, with a further penalty which may extend to one hundred thousand rupees for every day after the first during which such contravention continues.

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**UNDERTAKING**

**(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, offences of money laundering including predicated offences as provided in the Anti-Money Laundering Act, 2010 (VII of 2010) or contravened the provision of any regulations/directives issued by the Commission, etc.;
- (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 or disqualified, under the Companies Act, 2017 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 (if applicable);
- (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, provided that this clause is not applicable on the chief executive or director of an insurance broker;
- (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;

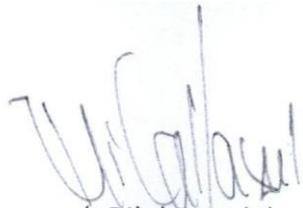
- (r) I confirm that I have not contravened or abetted another person in breach of any laws or regulations, business rules or codes of conduct, whether in Pakistan or elsewhere;
- (s) I confirm that I am not or have not been unable to fulfil any of my financial obligations, whether in Pakistan or elsewhere;
- (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)

[No.ID/OSM/AML/2018]

  
( Bilal Rasul )  
Secretary to the Commission