



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN INSURANCE DIVISION

No.ID/PRDD/Circular/04/10/2015

April 13, 2015

CIRCULAR NO.10/2015

Subject: Mandatory certification requirements for the professionals working with insurers, including Takaful operators, in the designated functions

The Institute of Capital Markets (hereinafter referred as "ICM"), a not for profit company was setup in 2008 by the Securities and Exchange Commission of Pakistan (hereinafter referred as the "Commission") along with various other financial market stakeholders, as a certification body for the development of human capital and professionals in the financial markets under the Commission's regulatory purview. Since then, ICM has been playing a pivotal role in the organized development of these markets and striving to build the investor confidence by enhancing professional competence of individuals working in these financial markets through the examination and certification process.

2. Therefore, in exercise of the powers conferred under Section 20(4)(u) read with Section 40(B) of the Securities and Exchange Commission of Pakistan Act, 1997 (Act No.XLII of 1997 and hereinafter referred as the "Act"), the Commission hereby directs all insurers, including Takaful operators, registered with it under the Insurance Ordinance, 2000 (hereinafter referred as the "Ordinance") to ensure compliance with the below mentioned requirements:-

- a. All professionals working for or with the insurers and who are engaged in the official dealing with any part of the financial markets under the regulatory purview of the Commission under the Act, shall obtain the valid certifications of the courses namely the Pakistan Markets and Regulations (PMR) and the Fundamentals of Capital Market (FCM), from ICM or any such Institute as may be approved by the Commission, within eighteen (18) months from the date of issuance of this Circular;
- b. Such professionals shall, without limitation, include the relevant Key Officers of the insurers, such as the Chief Investment Officer or Head of Investment or by whatever name called as under the Regulation (2)(1) of the Insurance Companies (Sound and Prudent Management) Regulations, 2012 (hereinafter referred as the "Regulations") read with the Ordinance;



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- c. Some of the functions as performed by such Key Officers under the Regulations include, but not limited to:
- i. Product development and design, where the insurance product has any component of investments in the financial markets under the regulatory purview of the Commission;
 - ii. Investment management where such persons are managing the portfolio of investments in financial markets under the regulatory purview of the Commission, including all members of the investment committees;
 - iii. Operations and settlement where such persons are responsible for execution and settlement for trades in securities;
 - iv. Research where such persons are carrying out fundamental analysis of all existing and potential investment in securities;
 - v. Compliance officer(s) where such persons are responsible for ensuring compliance with applicable regulatory requirements as prescribed under the Commission's Directive S.R.O.No.20(I)/2012 dated January 11, 2012; and
 - vi. Risk management where such persons are responsible to ensure that investments in securities are within the desirable level of risk.

3. All such professionals performing any of the above mentioned functions, who are not already certified by ICM for the above mentioned qualifications and are joining any insurer after the date of the issuance of this Circular, shall be required to obtain the above mentioned certifications from ICM, or any such Institute as may be approved by the Commission, within twelve (12) months of the date of their first employment with an insurer, including Takaful operators.

4. All such professionals who are desirous of availing the certification through the grandfathering provisions shall approach ICM for details about the grandfathering process and their respective eligibility. The grandfathering provisions under this Circular shall expire after the 31st day of December 2015 and after this day no grandfathering for the above mentioned certifications shall be admissible by ICM.

5. The insurer shall be responsible to ensure that their employees who have obtained the certification from ICM, either through the examination process or through the grandfathering provisions, shall maintain the membership of ICM or any such Institute as may be approved by the Commission, as the case may be, at all times and comply with such membership requirements as specified by ICM or any such Institute as may be approved by the Commission, from time to time.



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6. It shall be the responsibility of the insurer to ensure the meticulous compliance of above mentioned requirements, even in the cases where any of the stated functions has been delegated to any third party.
7. This Circular shall come into force with immediate effect.

Fida Hussain Samoo
Commissioner (Insurance)

Distribution:

1. All life and non-life insurers, including family and general takaful operators
2. Insurance Association of Pakistan
3. Institute of Capital Markets
4. Investor Education & International Relations Department, SECP