

GOVERNMENT OF PAKISTAN
Securities and Exchange Commission of Pakistan

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NOTIFICATION

Islamabad, 4th March, 2021

S.R.O.281(I)/2021.- In exercise of powers conferred by sub-section 3 of Section 167 of the Insurance Ordinance, 2000 (XXXIX of 2000) and Section 40 read with clause (d) and (s) of sub-section (4) of Section 20 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), the Securities and Exchange Commission of Pakistan, with the approval of the Policy Board, is pleased to make the following regulations, the same having been previously published in the official Gazette vide S.R.O. 569(I)/2020 dated 26 June 2020, namely:-

CHAPTER I
PRELIMINARY

1. Short title and commencement. - (1) These regulations shall be called as the Securities and Exchange Commission (Reinsurance Brokers) Regulations, 2021.

(2) These shall come into force at once.

2. Definitions. - (1) In these regulations, unless there is anything repugnant in the subject or context, -

- (a) "Act" means the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);
- (b) "Bank" means the State Bank of Pakistan established under section 3 of State Bank of Pakistan Act, 1956 (XXXIII of 1956);
- (c) "chief executive officer" means chief executive as defined in clause 14 of sub-section 1 of section 2 of the Companies Act, 2017 (XIX of 2017);
- (d) "Commission" means the Securities and Exchange Commission of Pakistan established under section 3 of the Act;
- (e) "Fit and proper" means fitness and propriety criteria as provided in Schedule III;
- (f) "Form" means the forms appended to these regulations;
- (g) "foreign reinsurance broker" means the reinsurance broker, being incorporated outside Pakistan and registered or licensed or authorized in that jurisdiction as an insurance and, or reinsurance broker and has established place of business in accordance with the part XII of the Companies Act, 2017 (XIX of 2017);

- (h) "International Reinsurance Broker" means the reinsurance broker, being incorporated outside Pakistan and registered or licensed or authorized in that jurisdiction as an insurance and, or reinsurance broker and are exempted from obtaining registration under these regulations;
- (i) "Ordinance" means the Insurance Ordinance, 2000 (XXXIX of 2000);
- (j) "reinsurance broker" means a company which, for a revenue, arranges reinsurance for insurers with other insurers or reinsurers, and includes foreign reinsurance broker, unless otherwise provided in these regulations; and
- (k) "Schedule" means schedules appended to these Regulations;

(2) Words and expressions used but not defined in these regulations shall have the same meanings as assigned to them under the Act or administered legislation and the rules and regulations made thereunder.

CHAPTER II REGISTRATION OF REINSURANCE BROKER

3. Registration of Reinsurance Broker.— (1) No person shall act or perform the functions of the Reinsurance Broker unless registered as a Reinsurance Broker with the Commission under these regulations except International Reinsurance Broker.

(2) On the commencement of these regulations, any person already providing services as reinsurance broker shall obtain registration under these regulations within a period of six months from such commencement.

4. Eligibility criteria for registration.— (1) A company limited by shares, incorporated under the Companies Act, 2017 (XIX of 2017) may apply to the Commission for registration to act as a reinsurance broker, provided that it meets the pre-conditions of such registration in terms of paid-up capital requirement, statutory deposit, professional indemnity, fit and proper criteria and such other conditions as deemed appropriate by the Commission:

Provided that companies licensed under the Ordinance to perform functions of direct insurance broking may be eligible to apply for registration under this regulation subject to the fulfillment of all regulatory requirements under these regulations and any other conditions as the Commission deems appropriate.

(2) A foreign reinsurance broker may apply to the Commission for grant of a registration to act as a reinsurance broker in Pakistan, provided that it meets the pre-conditions of such registration in terms of paid up capital, professional indemnity, statutory deposit and such other conditions as deemed appropriate by the Commission.

(3) Subject to sub-regulation (1), an application for registration shall be made to the Commission as specified in Schedule-I along with all the documents and receipt evidencing payment of fee of such amount as specified in Schedule - II.

(4) The Commission, while considering the application for registration may require the applicant to furnish such further information or clarification regarding its activities and business as it deems appropriate.

(5) The applicant shall or its chief executive officer or an authorized officer, if so required, appear before the Commission for representation.

5. Grant of registration.- (1) The Commission, while considering the application for granting a certificate of registration made under sub-regulation (3) of regulation 4, shall *inter alia*, take into account the following matters, namely, -

- (a) fit and proper criteria provided in the Schedule - III ;
- (b) the applicant is not disqualified under any law;
- (c) earlier refusal, if any, by the Commission for the registration of the applicant or any person, directly or indirectly connected with the applicant, as a reinsurance broker;
- (d) conviction of its sponsors, directors or employees in an offence involving fraud or breach of trust;
- (e) penal action against the applicant or its directors for offences under the Act, Ordinance, the Companies Act, 2017 (XIX of 2017) or insurance or corporate law of the jurisdiction in which it is incorporated;
- (f) the applicant, except for the foreign reinsurance broker, has in its employment a minimum of two persons, one of whom must be the chief executive officer;
- (g) the applicant fulfills the requirements as specified in regulation 9 and statutory deposit requirements as specified in regulation 10; and
- (h) any other matter as deemed necessary by the Commission.

(2) The Commission on being satisfied, while considering the matters specified under sub-regulation 1, that the applicant is eligible for registration may grant a certificate of registration for three years unless it is restricted, suspended or cancelled in Form - I subject to such conditions as deemed appropriate.

(3) A Reinsurance Broker shall, three months prior to the date of expiry of its registration apply to the Commission for the renewal of its registration.

(4) The Commission may also specify the requirements for any or all employees of the Reinsurance Broker before it seeks the registration, to complete, at least twenty hours of training, imparted by an institution recognized by the Commission for this purpose, from time to time.

6. Procedure where registration is not granted.- (1) The Commission, after giving a reasonable opportunity of hearing to the applicant, may refuse to grant a certificate of registration if in the opinion of the Commission such applicant does not fulfill the requirements

prescribed in these regulations or where the Commission after taking into account the facts, is of the view that it is not in the public interest or in the interest of the insurance industry to grant such certificate of registration.

(2) The applicant, if aggrieved by the decision of the Commission under sub-regulation (1), may, within a period of thirty days from the date of receipt of such refusal, prefer an appeal to the Appellate Bench of the Commission under section 33 of the Act within such time-period as provided therein.

CHAPTER III DUTIES AND RESPONSIBILITIES OF REINSURANCE BROKER

7. Obligations of reinsurance broker.- (1) A reinsurance broker shall,-

- (a) while appointing chief executive officer, fulfill such fit and proper criteria as specified in Schedule III;
- (b) continue to meet all the applicable regulatory requirements at all times and notify to the Commission within thirty working days if it ceases to fulfill any of these requirements;
- (c) maintain high standard of integrity and fairness in discharging its functions as a reinsurance broker;
- (d) fulfill its obligations in a fair, efficient, transparent and ethical manner;
- (e) act with due skill, care and diligence in performing all its functions and discharging all its obligations and responsibilities;
- (f) put in place a mechanism to resolve any conflict of interest that may arise in the conduct of its business as reinsurance broker and take reasonable steps to resolve the same in an equitable manner;
- (g) maintain its own website and upload on it among other things company's profile, business services, profile of board of directors, management team, contact details of relevant persons for handling customer complaints and grievances including the active email address and phone number, and any other information as the Commission may require;
- (h) submit periodical financial statements as required under regulation 11;
- (i) comply with the provisions of the Act, Ordinance and Companies Act, 2017 (XIX of 2017) and rules and regulations made and circulars and directives issued thereunder;
- (j) comply with all provisions of the applicable laws in relation to Anti Money Laundering and counter financing of terrorism;
- (k) not be engaged in any other business or activity other than reinsurance broking business:

Provided that the registered reinsurance broker may apply for the license of direct insurance broking subject to such conditions as deemed appropriate by the Commission and shall meet all regulatory requirements applicable under relevant provisions of the law;

- (l) make investment in associates in accordance with section 199 of the Companies Act, 2017(XIX of 2017);
- (m) devise an effective system to address the complaints received from any reinsured, any reinsurer, other reinsurance brokers or any other person on any matter having a bearing on the activities of the Reinsurance Broker; and
- (n) such other obligation or duties as the Commission may deem fit.

Explanation.- For the purposes of this regulation the term “conflict of interest” includes situations in which a Reinsurance Broker has competing interests which make it difficult for the Reinsurance Broker to fulfill its duties impartially.

8. Functions of a Reinsurance Broker. - A reinsurance broker shall be responsible for any of the following functions, namely:-

- (a) familiarizing itself with the insurer’s business and risk retention philosophy;
- (b) maintaining clear records of the insurer's business to assist the reinsurer(s) or others;
- (c) rendering advice based on technical data on the reinsurance covers available in the local as well as international reinsurance markets;
- (d) maintaining a database of available reinsurance markets, including Insurer Financial Strength (IFS)/ credit ratings of individual reinsurers;
- (e) rendering consultancy, risk management services and analytics relating to reinsurance for insurer(s);
- (f) selecting and recommending a reinsurer or a group of reinsurers;
- (g) negotiating with a reinsurer(s) on the behalf of the reinsured;
- (h) placing the reinsurances directly with the reinsurers and through any other intermediary whether separate or through associates under any other agreement with any other person or organization or broker;
- (i) assisting in case of commutation of reinsurance contracts placed with them;
- (j) acting promptly on instructions from an insurer/reinsurer and providing it written acknowledgements and progress reports;
- (k) assisting in the negotiation and settlement of claims;
- (l) maintaining proper records of claims;
- (m) exercising due care and diligence at the time of selection of reinsurers having regard to their respective financial rating and establishing respective responsibilities at the time of engaging their services; and
- (n) any other function as the Commission may deem appropriate.

9. Requirements of capital. - Any applicant seeking registration as a Reinsurance Broker under these regulations shall satisfy the following conditions:

- (a) it shall have a minimum amount of paid up capital as Pak Rupees thirty million or any higher amount as may be specified by the Commission; and

- (b) the paid-up capital in the company shall be in the form of equity shares;

Provided that the companies licensed under the Ordinance to perform functions of direct insurance broking shall comply with the paid-up capital requirement within one year from the date of issuance of these regulations.

10. Statutory deposit requirements. - (1) A reinsurance broker shall before the commencement of its business, deposit and keep deposited with the Bank a sum equivalent to 10 percent of the minimum prescribed paid up capital as a statutory deposit, which shall not be released to it by the Bank without prior written permission of the Commission.

(2) A reinsurance broker shall furnish to the Commission as and when called upon to do so a statement certified by the Bank related to its statutory deposit and the statutory deposit held by the company in the capacity of direct insurance broker is admissible for the purposes of statutory deposit in the capacity of reinsurance broker.

11. Maintenance of books of account, records, etc.- (1) A reinsurance broker shall prepare for every calendar year starting from January 01 and ending at December 31 of every year-

- (a) a balance sheet or a statement of financial position as at the end of each accounting period;
- (b) a profit and loss account for that period;
- (c) a statement of cash/fund flow;
- (d) a statement of the reinsurance premium written through the Reinsurance Broker distinguishing between the premium in respect of which Reinsurance Broker had agency agreement with the insurer/ reinsurer, and premium in respect of which the broker did not have agency agreement, subdivided by classes of insurance business;
- (e) a statement of commission / brokerage income, with whatsoever name called, received / receivable by Reinsurance Broker, subdivided by classes of insurance business, distinguishing between income while having agency agreement and otherwise; and
- (f) such additional statements on reinsurance broking business as may be required by the Commission.

(2) The Commission may, upon receiving request from the reinsurance broker, approve a year other than January 01 to December 31, as the period for which the financial statements are required to be made under this regulation.

(3) A reinsurance broker shall submit to the Commission, a copy of the audited financial statements as stated in sub-regulation (1) along with the directors' report and auditor's report thereupon within a period of one hundred and twenty days following the close of financial year.

(4) All the books of account, statements, document, etc., shall be maintained at the registered office of the reinsurance broker in Pakistan and shall be available in accordance with Section 221 of the Companies Act, 2017 (XIX of 2017) to such officers of the Commission, authorized in this behalf by it for an inspection.

(5) All the books and documents, statements, contract notes etc., referred to in this regulation and maintained by the reinsurance broker shall be retained for a period of at least ten years from the end of the year to which they relate.

12. Fitness and propriety requirements for the Chief Executive and Directors of Reinsurance Brokers.- (1) A proposed director or chief executive officer of a registered reinsurance broker shall not assume the charge of office until his appointment has been approved by the Commission. The fitness and proprietary criteria is specified in Schedule – III.

(2) The position of chief executive or director of a reinsurance broker shall not give rise to any conflict of interest or potential conflict of interest in accordance with the provisions of these Regulations.

(3) After coming into force of these provisions, the reinsurance broker applying for a fresh registration shall ensure that the person appointed as chief executive officer or director complies with these provisions.

CHAPTER IV DISCIPLINARY PROCEEDINGS

13. Inspection and Investigation. - The Commission may conduct inspection and/or investigation, as the case may be, of reinsurance broker in accordance with the provisions of the Act and the person authorized by the Commission for this purpose shall have all the powers as provided under the Act and Ordinance.

14. Restriction, suspension and/or cancellation of registration.- (1) Where a reinsurance broker contravenes or fails to comply with any provision of these regulations or is not in compliance with the conditions of registration or any directive issued or order passed by the Commission, the Commission may, after providing a reasonable opportunity of representation to the reinsurance broker, impose, a restriction on its activities as Reinsurance Broker under the Act or suspend its registration.

(2) A reinsurance broker whose registration has been suspended shall not act as, or perform the functions of, reinsurance broker for any new contract during the period of suspension and remove the cause of suspension within a period of one hundred and twenty days from the receipt of the suspension order or such earlier period as specified in the order of suspension.

(3) The Commission while restricting or suspending the registration of a reinsurance broker may impose such conditions, as it deems appropriate.

(4) The Commission may, after providing to the reinsurance broker a reasonable opportunity of being heard, cancel the registration of a reinsurance broker, if:

- (a) in the opinion of the Commission the reinsurance broker has been in violation of any provision of these regulations or restriction or conditions imposed under this regulation;

- (b) convicted by court of competent jurisdiction for fraud or any criminal offence; or
- (c) its registration has been suspended and the causes of suspension have not been removed within one hundred and twenty days from the receipt of suspension order or such earlier period as specified in the order of suspension.

(5) The Commission while cancelling the registration of a reinsurance broker may take such measures and issue such directions as it deems appropriate as are not inconsistent with the Act, Ordinance and the Companies Act, 2017 (XIX of 2017).

(6) The registration of a reinsurance broker shall be deemed to be cancelled if such reinsurance broker-

- (a) voluntarily surrenders its certificate of registration to the Commission;
- (b) is wound up by an order passed by a court of competent jurisdiction; or
- (c) it has not commenced the business within six months of being granted registration to act as reinsurance broker.

(7) Notwithstanding anything contained in sub-regulation (1), where the Commission is satisfied that a delay in the cancellation of registration will be detrimental to the interest of investors, insured or the public in general, the Commission may immediately cancel the registration till the time an opportunity of being heard is provided to the reinsurance broker and final order is passed:

Provided that where the Commission cancels the registration under sub-regulation (7), the opportunity of being heard and final order must be passed within sixty days of such cancellation.

(8) Upon cancellation of the registration, the reinsurance broker shall with immediate effect cease its business:

Provided that a reinsurance broker however shall continue to service the contracts already concluded through it for a period of six months within which suitable arrangements shall be made by it for having the contracts attended to by another registered reinsurance broker.

(9) In the event of cancellation of registration the Commission may, for the information of the stakeholders, publish press release of its order of cancellation in newspaper of wide circulation in Pakistan.

**CHAPTER V
MISCELLENEOUS**

15. Professional indemnity insurance. - (1) A reinsurance broker shall take out and continue to maintain a professional indemnity insurance cover throughout the validity of the period of the registration granted to it by the Commission.

- (2) The insurance cover must indemnify the reinsurance broker against:
- (a) any error or omission or negligence on its part or on part of its employees or directors or chief executive officer ;
 - (b) any loss of money or other property for which the reinsurance broker is legally liable in consequence of any financial or fraudulent act or omission;
 - (c) any loss of documents, and such related costs incurred in replacing or restoring such documents;
 - (d) dishonest or fraudulent acts or omissions by its employees or directors, former or current.
- (3) The indemnity cover shall:
- (a) be taken each year, covering the entire period of registration;
 - (b) not contain any terms to the effect that payments of claims depend upon the reinsurance broker having first met the liability;
 - (c) indemnify in respect of all claims made during the period of the insurance regardless of the time at which the event giving rise to the claim may have occurred:

Provided that the indemnity insurance cover not fully conforming to the above requirements shall be permitted by the Commission in special cases for reasons to be recorded by it in writing.

(4) Limit of indemnity for any one claim and in the aggregate for the year shall be two times revenue received at the end of every financial year, subject to a minimum limit of Rupees Fifty Million only.

(5) The uninsured excess in respect of each claim shall not exceed five percent of the paid-up capital employed by the Reinsurance Broker in the business.

(6) The insurance policy shall be obtained from any registered insurer in Pakistan who has agreed to:

- (a) provide the reinsurance broker with an annual certificate containing the name and address, including the registration number of the reinsurance broker, the policy number, the limit of indemnity, the excess and the name of the insurer as evidence that the cover meets the requirements of the Commission;
 - (b) send a duplicate certificate to the Commission at the time the certificate is issued to the reinsurance broker; and
 - (c) inform the reinsurance broker immediately of any case of voidance, non-renewal or cancellation of cover mid-term.
- (7) A reinsurance broker shall:
- (a) inform immediately the Commission should any cover be cancelled or voided or if any policy is not renewed;
 - (b) inform the Commission as soon as an insurer has notified that it intends to decline indemnity in respect of a claim under the policy.

16. Prohibition to act as direct insurance broker and reinsurance broker on a single risk. – (1) No broker registered under these regulations shall directly or through its associates or affiliates simultaneously act as a direct insurance broker and as a reinsurance broker on a single non-life insurance policy, or act as consultant or lenders’ consultant on the facultative reinsurance placement of the risks covered under the same non-life insurance policy.

(2) The non-life insurers shall ensure that the affiliate of the registered insurance broker, who has acted as a direct broker, does not act as reinsurance broker, consultant, lenders’ consultant and/or risk manager on the same non-life insurance policy.

(3) The chief executive officer or any officer authorized by the chief executive officer of the non-life insurer shall submit a written undertaking that this regulation has been complied with, to the best of their knowledge and belief, while submitting the application for permission to obtain facultative reinsurance from abroad under rule 18 of the Insurance Rules, 2017.

Explanation: - For the purposes of this regulation, the term “affiliate” means formal agreement of collaboration, correspondent or association with International Reinsurance Broker.

17. Issuance of a duplicate certificate of registration.- In the event of a certificate of registration is being lost or destroyed or mutilated, the Commission may, upon an application along with a fee of Rupees Fifty Thousand only issue duplicate certificate of registration in such manner as it may deem fit.

18. Internal control and systems. - A reinsurance broker shall ensure that a proper system of internal audit is practiced in business and that its internal controls and systems are adequate for the size, nature and complexity of its business.

19. Disclosures to the Commission. - A reinsurance broker shall disclose to the Commission, as and when required by it, in any event not later than thirty days of a requisition, the following information, namely-

- (a) any change in the information or particulars previously furnished, which have a bearing on the certificate of registration granted to it;
- (b) any other disclosure required by the Commission from time to time.

20. Requirement for International Reinsurance Brokers.- (1) The registered broker and/or registered insurer may utilize the services of an International Reinsurance Broker, and such International reinsurance brokers shall:

- (a) have an active license/registration issued by regulatory agency in its home jurisdiction;
- (b) have a credit rating "B+" or above by the rating agencies as annexed in Schedule - IV or have an accreditation by the Lloyds Syndicate or have an accreditation from other international reinsurers/syndicates;
- (c) agree to comply with the requirements of these regulations and shall be responsible to secure compliance with these regulations and other guidelines to the extent applicable, by those brokers;
- (d) be prohibited to act in dual capacity on a single risk as prescribed in regulation 16;
- (e) disclose any material information as may be required by the Commission;

(2) The registered reinsurance broker and/or registered insurer shall submit to the Commission on yearly bases the details of the services received from International Reinsurance Broker along with relevant information/agreement.

Explanation: The services include placement of reinsurance with reinsurers(s) outside Pakistan and other related value added services i.e. Catastrophic Modelling, Analytics, Risk Management, Treaty Analysis, Consultancy and Inspection Surveys etc.

21. Relaxation.- Where any difficulty arises in giving effect to any of the provisions of these regulations in a particular case, or class of cases, the Commission may, for reasons to be recorded in writing relax any requirements of these regulations subject to such conditions as it may deem fit.

Securities and Exchange Commission (Reinsurance Brokers) Regulations, 2021

SCHEDULE I

[See regulations 4 and 5]

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

APPLICATION FOR GRANT OF REGISTRATION

Instructions for filling up the form

1. It is important that before this application form is filled in, the regulations made by the Commission are studied carefully.
2. Applicants must submit a duly completed application form together with all appropriate, supporting documents to the Commission.
3. Application for registration will be considered only if it is complete in all aspects.
4. The application shall be signed by at least two directors of the Reinsurance Broker themselves.
5. Information which needs to be supplied in more details may be given on separate sheets which should be attached to the application form.

1. PARTICULARS OF THE APPLICANT

NAME OF THE APPLICANT	
REGISTERED ADDRESS	
HEADOFFICE ADDRESS	
INCORPORATION NO.	
NTN (National Tax Number)	
TELEPHONE NO.	
FAX NO.	
EMAIL ADDRESS.	

2. PARTICULARS OF THE CHIEF EXECUTIVE OFFICER

NAME	
ADDRESS	
CNIC/ PASSPORT NO.	
TELEPHONE NO.	
MOBILE NO.	
FAX NO.	
EMAIL ADDRESS	

3. ORGANISATION STRUCTURE

List of major shareholders (holding 5% or more of the Applicant directly or along with associates)
Shareholding as on (dd/mm/yyyy): _____

S. No.	Name of shareholder	No. of Shares held	% age of total paid up capital

4. PARTICULARS OF THE CHIEF EXECUTIVE OFFICER AND ALL DIRECTORS

S. No.	Name	Qualification	Experience in reinsurance broking services and related areas	(%) Share in Applicant Company	Directorship in other companies

5. NAME AND ACTIVITIES OF ASSOCIATED COMPANIES/ CONCERNS

S. No.	Name of Company/ Firm	Address	Type of activity handled	Nature of Interest of Promoter/ Director	Nature and interest of applicant company

6. WHETHER ANY ONE OR MORE PERSONS OF THE ASSOCIATED COMPANIES / CONCERNS ARE INTERESTED IN THE APPLICANT'S BUSINESS? IF YES, PROVIDE DETAILS

7. NAME AND ADDRESS OF THE PRINCIPAL BANKERS OF THE APPLICANT

8. NAME AND ADDRESS OF THE STATUTORY AUDITORS

9. NAMES OF THE BROKERS / INSURERS / REINSURERS WITH WHOM THE APPLICANT HAS ENTERED INTO AGENCY AGREEMENT (YEAR WISE)

10. IS THE APPLICANT ACCREDITED BY THE LLOYD'S OF LONDON OR ANY OTHER INTERNATIONAL BODY?

11. BUSINESS INFORMATION

i. If this is a new business and the Reinsurance Broker's registration application has been made for the first time, please provide a three-years business plan document, with projected volume of activities and income for which registration is sought.

ii. Please provide the organization chart separately showing functional responsibilities.

iii. Please provide the particulars of key management personnel as per below:

S. No.	Name	Qualification	Experience with particular reference to reinsurance broking and related activities	Date of appointment	Functional areas

iv. Please provide the details of infrastructure like office space, equipment and manpower (other than mentioned above) available with the applicant

- v. Provide the details of experience in reinsurance broking and other relevant services. Experience outside Pakistan can also be included in this information.
- vi. Provide the details of business handled during the last three years and list of reinsurers with whom more than ten percent of the total reinsurance premium handled was placed.

S. No.	Name	Premium handled		Services Rendered
		Amount (in applicable currency)	Percentage of total premium handled by broker	

- vii. Any other information considered relevant to the nature of services rendered by the applicant.

12. FINANCIAL INFORMATION

12.1 Capital Structure (In Pak Rupees in Million)

	Capital Structure	Year prior to the preceding year of current year	Preceding year	Current year
a	Authorized Capital and issue capital			
b	Paid-up capital			
c	Free reserves (excluding re-valuation reserves)			
d	Total (b + c)			

12.2 Deployment of Resources (In Pak Rupees in Million)

Particulars	Year prior to the preceding year of current year	Preceding year	Current year
Fixed Assets			
Plant & Machinery			
Office Equipment			
Quoted Investments			
Unquoted Investments			
Details of Liquid Assets			
Others			

(Details of Investments, Loans & Advances made to Associate Companies/ Firms where Promoters/ Directors have an interest is to be separately given).

12.3 Major Sources of Income (In applicable currency)

Particulars	Year prior to the preceding year of current year	Preceding year	Revenue received as % of premium
Reinsurance revenue			
Consultancy & Advisory fees			
Investment Income			
Others			

Note: As revenue received by the Reinsurance Broker may vary from risk to risk, please indicate range within which revenue has been received.

12.4 Income and Profit before Tax (In applicable currency in Millions)

Particulars	Year prior to the preceding year of current year	Preceding year	Current year
Income Profit Before Tax			

12.5 Dividend (In applicable currency in Million)

Particulars	Year prior to the preceding year of current year	Preceding year	Current year
Amount			
Percentage			

Note: Enclose three years audited annual accounts (if applicable). If minimum capital requirement has been met after last audited annual accounts, audited statement of accounts for the period ending on a later date should also be submitted.

All persons subject to fit and proper criteria shall submit an affidavit to the Commission, along with this application, affirming under the oath that the person and the companies, firms, sole proprietorship etc. where the person is a chief executive, director (other than nominee director), owner or partner etc. has no overdue payment of any financial institution.

OTHER INFORMATION

Details, if any, of known economic offences done by the Applicant or its Directors, Chief Executive Officer or Key Managerial Personnel, in the last three years

DECLARATION

Note: THIS DECLARATION IS TO BE SIGNED BY AT LEAST TWO DIRECTORS OR ONE DIRECTOR AND CHIEF EXECUTIVE OFFICER OF THE APPLICANT.

We hereby apply for registration to act as a (foreign) Reinsurance Broker. We have gone through the Securities and Exchange Commission (Reinsurance Brokers) Regulations, 2021 and are satisfied that we are eligible to apply for the (foreign) Reinsurance Broker's registration.

We state that we have truthfully and completely answered the questions above and provided all the information which might reasonably be considered relevant for the purposes of the registration.

We declare that the information supplied in the application form is complete and correct.

We undertake that we shall not allow or offer to allow, either directly or indirectly, as an inducement to any person, any rebate of the whole or part of the revenue earned by us during the registration period.

We undertake to service the run-off business on the books at the time of cancellation of registration.

For and on behalf of the <INSERT HERE THE NAME OF THE REINSURANCE BROKER REGISTERED APPLICANT>

Signature and Name of the Chief Executive Officer / Director of the Applicant	Signature and Name of the Chief Executive Officer / Director of the Applicant
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Date : <dd/mm/yyyy>

Place : <City>, Pakistan

Securities and Exchange Commission (Reinsurance Brokers) Regulations, 2021
Form – I
[see Regulations 5]

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

GRANT OF CERTIFICATE OF REGISTRATION In exercise of the powers conferred by regulation 5 of the Securities and Exchange Commission (Reinsurance Brokers) Regulations, 2021, the Commission hereby grants/ this certificate of registration to the <INSERT HERE THE NAME OF THE REINSURANCE BROKER REGISTERED APPLICANT> to act as a (foreign) Reinsurance Broker.

1. This registration shall be valid from <dd/mm/yyyy> to <dd/mm/yyyy>.
2. This registration is subject to the Insurance Ordinance, 2000 (XXXIX of 2000), Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) and the Securities and Exchange Commission (Reinsurance Brokers) Regulations, 2021, and shall not be construed to be in compliance with or in conformity to any other law, rules or regulations.

By Order

For and on behalf of
Securities and Exchange Commission of Pakistan

Date : <dd/mm/yyyy>

Place : <City>, Pakistan

Securities and Exchange Commission (Reinsurance Brokers) Regulations, 2021
SCHEDULE II
[see regulation 4 and 5]

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

REGISTRATION FEES FOR REINSURANCE BROKERS

1. An applicant before being registered as a Reinsurance Broker shall pay a registration fee of Rupees Three Hundred Thousand only to the Commission.
2. The registration fee as prescribed above shall be paid to the Commission through a deposit made at any one of the designated branches of a scheduled bank nominated by the Commission for this purpose, prior to the submission of registration application to the Commission under these regulations.
3. A Reinsurance Broker at the time of renewal of registration shall pay the fee calculated as a sum at the rate of 0.1% of the total gross revenue earned during preceding three financial years, subject to a minimum of Rupees Three Hundred Thousand and maximum of Rupees Fifteen Hundred Thousand on every renewal.
4. "Total gross revenue" is the total income earned by the reinsurance broker during the year including the brokerage fee, commission income, consultancy fee, or called by whatsoever name, obtained in respect of professional services it renders as a regular course of reinsurance business.
5. The registration fee shall be paid before submitting the application to the Commission and such application shall be accompanied by evidence that the registration fee has been paid.

Securities and Exchange Commission (Reinsurance Brokers) Regulations, 2021
SCHEDULE III
[See regulations 12]

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

**FITNESS AND PROPRIETY CRITERIA / REQUIREMENTS FOR THE CHIEF EXECUTIVE AND
DIRECTOR OF REINSURANCE BROKERS**

The fitness and propriety of the chief executive officer and director of a reinsurance broker shall be assessed by taking into account all the relevant factors including but not limited to the following:

- (i) In determining a person's integrity and track record, a person shall not be considered a Fit and Proper person if such person:
 - (A) has been convicted in criminal breach of trust, fraud, etcetera;
 - (B) has been convicted of an offence involving moral turpitude;
 - (C) has been subject to adverse findings, after conducting an inquiry, by the Commission or any other regulatory, judicial or professional body or any government agency or authority;
 - (D) has 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) is ineligible, under the Companies Act, 2017 (XIX of 2017) or any other legislation from acting as a director;
 - (F) has entered into a plea bargain arrangement with the National Accountability Bureau or any other regulatory body;
 - (G) having served any custodial sentence imposed by a Court of competent jurisdiction, ending within five years preceding the date of the declaration; or
 - (H) having been otherwise declared as disqualified by the Insurance Tribunal formed under the Ordinance, other than for a term which had expired prior to the date of the declaration.
- (ii) In determining a person's financial soundness, the following shall be considered:
 - (A) all persons subject to this Regulation shall submit an affidavit to the Commission affirming under the oath that the person and the companies, firms, sole proprietorship etc. where the person is a chief executive, director (other than nominee director), owner or partner etc. has no overdue payment of any financial institution:

Provided that the Commission shall provide an opportunity of making representation to the person in case of overdue or past due payment;
 - (B) all persons subject to this Regulation shall not be considered as fit and proper 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 proprietorship 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:

- (a) Amount overdue is under litigation and the same is also appearing as amount under litigation in the CIB report; and
- (b) No overdue payment appearing in the overdue column in the subsequent latest CIB report:

Provided that in case of overdue report, no rejection shall be made unless the person has been given opportunity of making representation before the Commission.

- (C) all persons subject to fit and proper criteria under these Regulations shall report any change with reference to their financial soundness to the reinsurance broker within three business days and the reinsurance broker shall within a period of seven business days report the same to the Commission;
 - (D) whether the person has applied to be adjudicated as an insolvent and his application is pending; or
 - (E) whether the person is an un-discharged insolvent.
- (iii) In determining a person's competence and capability the following shall be considered:
- (A) the chief executive must have a minimum educational qualification of a bachelor's degree or equivalent from an institution recognized by the Higher Education Commission of Pakistan or foreign qualification of equivalent level recognized by the Higher Education Commission of Pakistan and being Associate of the Chartered Insurance Institute (ACII) or Chartered Property Casualty Underwriter (CPCU), or a fellow/ associate of the Institute or Society of Actuaries or equivalent qualification as recognized by Pakistan Society of Actuaries or fellow/ associate of the Casualty Actuarial Society (CAS), with at least 5 years of management cadre experience working with an insurer/ reinsurer or an insurance/ Reinsurance Broker or surveyor/ loss adjuster or corporate agent or financial services, or in such capacity, in an entity related to insurance business, as it may satisfy the Commission; or
 - (B) the chief executive must have a minimum educational qualification of a master's degree or equivalent from an institution recognized by the Higher Education Commission of Pakistan or foreign qualification of equivalent level recognized by the Higher Education Commission of Pakistan, with at least 7 years of management cadre experience working with an insurer/ reinsurer or an insurance/ Reinsurance Broker or surveyor/ loss adjuster or corporate agent or financial services or in such capacity, in an entity related to insurance business, as it may satisfy the Commission;

Securities and Exchange Commission (Reinsurance Brokers) Regulations, 2021
SCHEDULE IV
[See regulations 20]

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

LIST OF RATING AGENCIES

- 1) A.M. Best Rating Agency
- 2) Analytical Credit Rating Agency (ACRA)
- 3) ASSEKURATA Assekuranz Rating-Agentur GmbH
- 4) Bloomfield Investment Corporation
- 5) Capital Standards Rating (CSR)
- 6) China Chengxin International Credit Ratings Company Ltd
- 7) Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE)
- 8) Credit Research Initiative (CRI) (NUS Risk Management Institute)
- 9) Dagong Global Credit Rating
- 10) DBRS Morningstar
- 11) Fareast Credit Rating Company Limited (FECR)
- 12) Fitch Credit Rating Agency
- 13) Golden Credit Rating International Company Limited
- 14) Islamic International Rating Agency (IIRA)
- 15) Japan Credit Rating Agency Ltd.
- 16) JCR Eurasia Rating
- 17) Korea Ratings Corporation
- 18) Lianhe Ratings Global Limited
- 19) Malaysian Rating Corporation Berhad
- 20) Moody's Credit Rating Agency
- 21) Pengyuan Credit Rating Company Limited
- 22) Standard & Poor's Rating Agency
- 23) Shanghai Brilliance Credit Rating & Investors Service Company Limited
- 24) Taiwan Ratings corporation
- 25) Universalratings (RTS Ratings Pte Ltd)

**Note: The list of the rating agencies in this schedule is indicative and names can be added or removed by the Commission as required.*

[ID/MDPR/Brokers/2021]


(Bilal Rasul)
Secretary to the Commission