



vision

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"The development of modern and efficient corporate sector and capital market, based on sound regulatory principles that provide impetus for high economic growth and foster social harmony in the country"



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Non-Bank Financial Sector

Muhammad Afzal

How this innovative financial product is transforming millions of lives globally, protecting low-income households in developing economies and how it can do wonders in Pakistan

The development of an economy is largely dependent on the availability of capital and its optimal allocation. The role of pooling and efficiently allocating savings to the desired sectors is performed by banks and financial institutions in every economy. The banks usually prefer to lend to high-end clients and look for economies of scale thus leaving a large section of the society unattended. The NBF sector fills this gap by arranging capital for medium and small businesses. This sector, therefore, plays a critical backup role to the banking system in the modern economies by offering multiple alternative arrangements to transform private savings into capital investment.

Pakistan's NBF universe comprises of investment banks, leasing companies, mutual funds, private equity funds, REITs, pension funds, modarabas and housing finance companies. But their size and role has been insignificant hence the financial sector is predominantly banking centric. As a consequence, Pakistan's financial system is susceptible to many risks. There is little motivation for crafting innovative savings instruments and efficient application of available resources. Pakistan's savings rate has been hovering around 13% for the last many decades compared to other economies in the region, e.g., it is around 50% in China, 44% in Singapore, 31% in India and 29% in Bangladesh.



The present management of the SECP, among other things, targeted the NBF sector for reforms because of its significance for the economy and vast potential for transforming untapped savings into capital. In order to stimulate the economic activity, the SECP desires the NBF sector to position itself for providing a necessary bridge between the savers and the ultimate user of the money.

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Establishment of a Centralized Know You Customer Organization

Musarat Jabeen

At present, all intermediaries in the market, including NBFCs, stock and commodity futures brokers, insurance companies etc. are performing registrations/opening accounts for their clients separately, which leads to duplication of efforts and waste of resources.

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Alternative Insurance Distribution Models

The Asia Pacific Case with Focus on Pakistan

Syed Irfan Habib

The insurers generally use a variety of channels to reach consumers, including agents, brokers, banks, direct sales channels, including internet and telesales. Insurers in many countries have largely shifted to online and direct channels, yet in many countries, such as Pakistan, archaic feet-on-the-street model largely exist.

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Chairman's Message



It is a pleasure to introduce the SECP's second newsletter and this time around I would like to briefly touch upon some of the most important development activities that have been initiated over the last two years. Some of these activities are now nearing completion and will be finished in the first half of 2013, while some of these will be completed in the second half of the year.

The Commission has revived the Corporate Law Review Commission (CLRC) after a lapse of three years and we expect that its report will be available for public consultation by the end of the year. The main aim is to modernize and reform the existing regime of the regulation of the corporate sector. The key themes and hallmark will be simplification, flexibility, developing an enterprise culture and balanced regulation. It will also introduce an exemption based regulatory regime to accommodate promotion of small and mid-sized companies, requiring different standards of reporting based on the size of the business and ensuring shareholder and investor protection.

With regard to the non-bank financial (NBF) sector, the reform committee's report has been circulated for stakeholders' comments. The committee's report focuses on revamping the entire mutual funds, REITS, investment banking, private equity, leasing and housing finance regimes for better outreach and financial inclusion in Pakistan. Similarly, a committee has been formed for the non-bank microfinance sector in Pakistan to ensure a legal and regulatory framework for the oversight and supervision of this previously unregulated sector. These initiatives are expected to bear results in the third quarter of 2013.

For the capital market, the Commission has approved an aggressive countrywide investor education programme to create awareness about our equities market. The Commission has also approved the concept of a centralized KYC organization – amendments to the regulatory framework are underway to bring it into effect in the third quarter of 2013. We are also working on introducing a trading platform for SMEs at the exchanges, while as a first step towards the establishment of a debt capital market in

Pakistan, and in line with the SECP's efforts for creation of a bond pricing agency, regulations have been finalized for independent pricing of TFCs. A committee is being formed consisting of prominent professionals, market participants and SECP officials to study and review the capital market regime in Pakistan and to make its recommendations, which is expected by the end of June 2013.

Concerning the insurance sector, a reform committee was formed which is expected to finalize its recommendations for better regulatory framework, market reforms, solutions to operational challenges, technological development and awareness of the masses in the insurance industry with an aim to increase insurance penetration in the country. In addition, the microinsurance regulations are in the final stages of completion where we have worked extensively with the World Bank and the private sector for introduction of insurance products in smaller cities and rural areas. We expect to have concrete results in these initiatives in the third quarter of 2013.

For the capital market, the Commission has approved an aggressive countrywide investor education programme to create awareness about our equities market.

We are also working closely with the Institute of Chartered Accountants of Pakistan to establish the Audit Oversight Board for the independent oversight of the audit profession in Pakistan. A joint committee of the SECP and the ICAP has finalized the proposed framework and the Commission as well as the ICAP Council will be considering it for approval during this quarter.

The internal processes and reorganization of the SECP, which was expected by the end of March, 2013, is slightly delayed but hopefully, we will be able to finalize it and place it before the Commission for approval by the end of April 2013.

We expect that our corporate and financial sectors will reap the rewards of these initiatives in the times to come and I look forward to the support from all my colleagues at the SECP for making these initiatives successful. ■ ■

Non-bank Financial Sector

Continued from page 1

To this end, the SECP had constituted a 16-member committee comprising of 12 professionals from the private sector, having market knowledge, skills and experience, and 4 senior officers from the SECP itself. The committee reviewed the existing regulatory regime and proposed measures to strengthen the sector in the light of best international practices. The report prepared by the committee was rolled out formally by the SECP for public consultation at a seminar on March 4, 2013, which was attended by more than 150 delegates from different walks of life.

In addition to an introductory chapter, which gives overview of financial landscape of Pakistan, the report has three parts. The part I explains existing regulatory framework and issues facing the NBF sector. The part II provides information about the NBF models followed in other selected jurisdictions, where this sector has flourished. The part III contains recommendations for each component of the NBF sector.

The NBF sector falling within the domain of the SECP has been grouped into two clusters for the purpose of licensing and monitoring. The cluster one comprises of leasing companies, investment banks and housing finance companies, which are also engaged in lending and deposit taking activities. The cluster two consists of mutual funds, pension funds, investment advisors, private equity funds, venture capital funds, REITs and modarabas.

The committee has recommended introduction of activity-based regulatory regime in Pakistan, which envisages regulation of all capital market activities by the SECP and that of all deposit taking and lending activities by the State Bank of Pakistan (SBP). The entities involved in both deposit taking and lending as well as capital market activities will be jointly regulated by the SECP and SBP. The recommendation aims at fostering growth of cluster one entities, while ensuring greater protection to the interests of savers and investors. Since the recommendation calls for amendments to laws, therefore, the committee has also suggested interim measures whereby the deposit taking and non-deposit taking entities will be treated differently. The entities involved in deposit taking activities will have to conform to relatively tighter criteria than those rendering non-deposit taking services.

In most countries the banking regulator and capital market regulator work in close coordination with each other in order to contain any regulatory arbitrage and ensure level playing field for the market participants.

However, historically, in Pakistan the two top regulators, i.e. the SECP and SBP have been focusing on their own jurisdictions with limited coordination between them. The policy has been obstructing development of financial sector and the economy. This disconnect in the policy of regulators have kept the financial sector vulnerable to a variety of risks and at times has shaken the confidence of investors. The proposed activity-based regime will not only reduce the risks and vulnerabilities of cluster one entities but also open up vistas of innovation for the professional service providers.

Another significant recommendation concerns repackaging of investment finance services so as to include brokerage services and the corporate advisory services in addition to traditional services of securities financing, underwriting and portfolio management. The inclusion of brokerage services in the universe of the NBF sector is

expected to change the pace of flow of savings to capital market. Currently, the brokerage community consists of more than 200 companies, staffed by qualified, experienced and skilled market players whose capabilities will be used to attract investments in the promising sectors of the economy. The



committee has recommended a reduction in equity requirements and softening of some regulatory barriers to facilitate transformation of eligible brokerage companies into the NBFCs. This move is intended to broaden the scope of services and provide opportunities to qualified brokers to serve the investors for fee and commission.

Pakistan's mutual fund industry dates back to 1962, when the NIT was set up. Though there has been significant growth in the assets and the number of fund operators yet the low retail base is still a matter of grave concern. Similarly, there is a need of further improvement in the



Picture Caption if that is from SECP events, otherwise it will be covered by expanding text area. Picture Caption if that is from SECP events, otherwise it will be covered by expanding text area.

conduct of fund management activities. The committee has proposed a number of incentives for targeting retail investors, which include charging of distribution expense to funds and requiring the AMCs to establish distribution networks. Other proposed reforms for mutual fund industry include distribution of mutual fund units through stock exchanges, a reduction in annual regulatory fee on meeting the thresholds set for retail base, introduction of expense ratio, improving skill set of key personnel such as fund managers, etc. The committee has proposed a nationwide, concerted and sustained effort to raise awareness about the alternatives available to the savers. The scope of investment advisory services has been enhanced to include management of private pool of investment under a fund structure.

Over the past decade, the REITs have also attracted investors' attention in some countries. This product is relatively new in the capital markets and has yet to take off in Pakistan. The regulatory framework for the REITs in Pakistan is significantly different from other jurisdictions, primarily because of absence of mortgage market. Also the developmental REIT is hardly found in any other country. In view of peculiar conditions of the real estate market, i.e. disputes and litigation on title, lack of price discovery, limited capacity of service providers and the intricacies of record keeping and retrieval processes, it is an uphill task to induce investment through the REITs. The committee has, therefore, recommended many measures including lowering the entry barriers such as equity requirements, fund size, adjustments in limits for holding units, permitting the AMCs' to undertake REIT management services, introduction of performance fee and to expand the domain of the REIT eligible cities to facilitate launch of REITs.

Similarly, the committee has recommended

E ditorial

We are glad to mention that the winter issue of the newsletter was well received and the response of the in-house writers has been pretty enthusiastic. That was very encouraging for us. Consequently, the spring issue of the newsletter is in your hands.

On March 4, 2013, the SECP launched the report of the NBF sector reforms committee. The 16-member committee has come up with detailed and workable recommendations for the development of the NBF sector. It is a well-known fact that Pakistan's financial sector is banking centric and that the NBF sector—excluding insurance sector—makes up only 4.9% of the financial sector's total assets.

This calls for a concerted effort to rectify the situation. The SECP has taken the initiative in this regard, but it needs unstinting support of all the stakeholders. Our lead story focuses on the way forward for the NBF sector. The writer, who was a member of the committee, rightly highlighted the importance of the NBF sector for the economy and its vast potential for transforming the untapped savings into capital.

In this issue we are also printing articles on alternative insurance

distribution models, centralized KYC, corporate social responsibility, unified communication and the doctrine of indoor management. In addition, recent SECP initiatives and developments have also been covered. We hope you would find all the articles and write-ups useful and interesting.

We are pleased to inform the readers that the Media and Corporate Communications Department is preparing a style sheet. It will be useful, in particular for those who draft press releases and material for other important documents such as the annual report. All big organizations, in particular those working in the field of media, have their style sheets. Some of these style sheets are even commercially available. These sheets help in ensuring consistency of style and avoiding errors.

It is our constant endeavor to improve the quality of the newsletter. In this regard, we need your feedback and ideas. We really value your inputs. So, we plan make the newsletter more participatory. From the next issue onwards, we will be publishing your letters. So, please share your feedback and thoughts with us.



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rationalization of equity requirements, investment limits, exposure limits and provision of fiscal incentives to encourage private equity investment in the country.

The committee has argued that the regulatory regime for modarabas should be the same as proposed for the cluster one entities. The modarabas engaged in deposit taking and lending activities should be regulated by the banking regulator and their capital market activities should be supervised by the SECP. It has also been noted in the report that modaraba certificate holders should be empowered to question the performance of modaraba management companies and to hold annual general meeting for this purpose. It has been suggested that the concept of minimum equity requirement may be introduced for modarabas, as well. The committee has also proposed a performance fee for

modaraba management companies.

The committee has also recommended that the access to the National Savings Schemes (NSS) may be restricted to NTN holders and special group of savers, i.e. widows, pensioners and senior citizens. The government may issue special bonds to enhance inflow of savings from non-resident Pakistanis and such savings may be used to finance infrastructure projects. Fiscal incentives should be structured for banks to expand credit facilities and investment in the target areas such as the SME, agriculture and housing sectors. The banks should use special purpose vehicles such as the REITs and private equity to channel their lending to the target sectors. The government has been urged to legislate for mandatory savings to develop sustainable old-age systems.

The report has been placed on the SECP's



website: www.secp.gov.pk and also been posted on discussion forum (<http://forum.secp.gov.pk/forum.php>) for the public's feedback. The SECP plans to revisit the NBF regulatory regime in the light of the public's feedback. ■ ■

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Establishment of a Centralized Know You Customer Organization

Musarat Jabeen

At the same time clients desirous of opening more than one account with different intermediaries for the purpose of trading/investing/dealing in the market have to repeatedly undergo the KYC process.

In order to address the above issues and provide maximum facilitation to the investors while bringing more transparency and accuracy to the KYC process, the SECP has taken the initiative of establishing a Centralized KYC Organization (CKO). The CKO shall be an independent body, which can develop a repository of KYC information of clients of intermediaries and can provide such information to intermediaries across the market.

The establishment of a CKO will also be useful in effectively implementing the anti-money laundering (AML) and counter-financing of terrorism (CFT) regime. These are two critical areas which have been receiving growing attention by the international community and are bound to play a key role in the future layout of the global financial system. The AML regime primarily focuses on effective know your customer (KYC) policies and procedures, which contribute significantly to curbing unhealthy market practices. The promulgation of the 2010 Anti-Money Laundering Act in Pakistan demonstrates the significance of this issue and the national focus on the matter.

In an effort to effectively implement the AML regime in the Pakistani capital market and put



information of investors is available in the market.

Since the investor base is small in our capital market and it is considered essential that in order to facilitate investors the costs of services provided by the CKO should be kept to a minimum, an existing capital market institution needs to be delegated this task. Therefore, the SECP has decided to designate the National Clearing Company of Pakistan Limited (NCCPL) to function as the CKO as it has the ability to link the KYC database with its unique identification number (UIN) system. It also has excellent IT capabilities and connectivity with all the stock exchanges and capital market intermediaries. Furthermore, the NCCPL has the requisite expertise and experience with the management of confidential data in the light of the sensitive UIN level settlement information which it handles on a daily basis.

Once operational, the CKO shall have a centralized web-based system named KYC Information System (KIS) and maintain separate and exclusive database for the storage of KYC information entered by the market intermediaries for all clients. The access to KIS will be made available to all authorized intermediaries, which may be broker clearing members, custodian clearing members, members of exchanges, NBFC registered with the SECP or any other entity approved by the NCCPL, through dedicated user ID and password. The authorized intermediaries will then perform KYC and in person verification of their clients and submit the requisite information to the CKO. In case of a new investor, his UIN shall be activated for trading purposes while for existing investors, their UINs will be tagged with the respective authorized intermediaries. Thereafter, the CKO shall perform independent verification of the KYC information to ensure its authenticity and completeness. After verification, the CKO will generate a unique KYC number (UKN) of the investor which will be linked with the UIN of

such investor. For verification of address and other KYC information the investor shall be approached by the CKO to provide confirmation within a specified number of days. However, to facilitate trading, while the investor is undergoing the KYC confirmation process he will be able to trade in the market under his UIN.

Any investor who meets the KYC requirements successfully through an authorized intermediary shall be able to open accounts with other

intermediaries without repeating the process of submitting the KYC documents and the CKO shall provide the relevant information on demand to other intermediaries. In the first phase, the NCCPL will provide the CKO services for the stock brokerage and mutual fund industry and in the second phase the same will be extended to the clients of the commodity futures brokers and insurance sector.

In India the concept of CKO has earned the appreciation and support of the investors as well as of the market intermediaries. It is playing an active role in the prevention of money laundering. The launch of the CKO in Pakistan will be another step towards investor facilitation and providing local capital markets with internationally recognized supportive infrastructure and will aid in strengthening of the AML regime. ■ ■

In case of a new investor, his UIN shall be activated for trading purposes while for existing investors, their UINs will be tagged with the respective authorized intermediaries.

in place appropriate KYC procedures, the Securities and Exchange Commission of Pakistan (SECP) has been introducing various measures to align our practices with international benchmarks. The rules/guidelines for AML have already been put in place for the NBFC and insurance sector. Further, a framework for KYC and customer due diligence (CDD) has also been introduced at the stock exchanges where brokers are required to implement effective KYC and CDD policies and procedures in line with the guidelines issued by the stock exchanges, with the SECP's approval. However, to date no system has been devised to ensure that a centralized database containing essential



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Alternative Insurance Distribution Models

Syed Irfan Habib

In Pakistan the unconventional and alternative models have started surfacing. One of the fastest growing distribution channels is bancassurance, where insurers have started leveraging on banks clientele, having lower acquisition costs. However, some life insurers have started direct selling through the Internet, and most recently through partnerships with telecommunication companies (telcos).

Trends in Asia Pacific Insurance Distribution

While the Asia Pacific insurance markets are offering more opportunities for expansion, agents are and will continue to remain the dominant channel for insurers in most of the markets across Asia, especially in China, India and even in Pakistan, where geography and infrastructure pose distribution challenges. However, forward thinking insurers are leveraging distribution channels with their distribution driven growth strategy as one way to capture the opportunities that exist in the fast growing Asia Pacific markets.

Alternative Insurance Distribution Channels in Asia Pacific

Worksite Marketing

The worksite or workplace marketing is the distribution of financial products at the workplace, paid by employees but facilitated and endorsed by the employer. Flexible underwriting and pricing guidelines are factors necessary to sell insurance products successfully through worksite marketing. The worksite marketing is a complex, multistage process; therefore, it is not currently prevalent in developing countries. Given the rapidly emerging middle class workforce in China and India and the sheer size of the potential market, worksite distribution is being considered by insurers as promising alternative channel.

Microinsurance

The microinsurance is characterized by low premium and low caps or coverage limits, sold as part of a typical risk-pooling and marketing arrangements. It is designed for low-income people and businesses not served by conventional social or commercial insurance schemes. It operates primarily through three different business models: partner-agent model, provider-driven model, and community-based/mutual model. In partner-agent model an insurer partners with a

Microfinance Institute (MFI) to provide insurance products. This model is widely used in India, Bangladesh and Pakistan. However, now insurers working in this low-income segment are developing alternative approaches to reach a wider customer base. The insurers in this category are also turning to retailers that sell goods and services to lower-income households, since retailers provide a more extensive distribution network as compared to dedicated financial service providers and can distribute products at a lower cost. The retailers also enjoy trust among lower-income householders, which is essential for selling financial products such as insurance.

Other channels that can be leveraged to sell microinsurance products include worker's unions and cooperatives, dairy boards, regional rural banks, TV/Direct sales, cell phones, burial societies and worksite marketing. In Malaysia insurers such as 'Etiqa' and 'Takaful Ikhlas' have also introduced Microtakaful schemes.

Telemarketing

Telemarketing is the process of selling, promoting, or soliciting a product or service over the telephone. It is now emerging as a prominent

alternative distribution channel in many developing Asian countries such as India, Bangladesh and Pakistan. Telemarketing is emerging fast as an alternative distribution channel in countries with high telephone usage. In the Philippines, insurers are adopting a more innovative model by

persuading telecom companies to bundle sales of mobile phones with special life insurance policies that are easy to understand and have low monthly premium payments.

In Pakistan, although the teledensity stands at 66.8%, one of the highest in the region, with 110.3 million users, the potential of this channel remains largely untapped. Although some life insurers have shown keen interest in utilizing this channel and are now marketing some products, however the potential of the channel fairly remained unutilized.

Virtual Marketing

As insurers attempt to increase brand awareness and drive sales, virtual marketing activities such as electronic kiosk stands, mobile advertising and the internet are emerging as alternative distribution channels. This number is very high in many developing

countries, such as India where flight insurance is often sold from vending machines at airports.



The insurers are partnering with telcos to utilize mobile phone sales as a distribution channel for insurance. In Japan 'Aioi insurance' and 'KDDI Corporation', Japan's second largest teleco have announced that they would establish a non-life insurance company as a joint venture. In Pakistan, some insurers have also partnered with telcos in selling insurance through their distribution network, but the channel remains underutilized and the products remained limited to basic coverage.

The Internet is also emerging as a distribution channel with significant potential for growth. Australia and South Korea both have high populations of the Internet users and this channel will become more important as other Asia Pacific countries increase telecommunication infrastructure and the Internet usage.

Bancassurance

Bancassurance, selling insurance products through a bank, is a distribution channel that is prevalent in almost all countries in the Asia Pacific including Pakistan. In developed countries with relatively mature banking and insurance industries, such as Australia, Japan, New Zealand, South Korea, Taiwan and Singapore, insurers are taking advantage of bank's significant customer bases, reach, and established trust among consumers in order to cross-sell tailored insurance product offerings.

In countries with high or growing Muslim

Agents are and will continue to remain the dominant channel for insurers in most of the markets across Asia, especially in China, India and even in Pakistan, where geography and infrastructure pose distribution challenges.

populations, such as Malaysia, Indonesia, Thailand and Pakistan banks are teaming up with insurance companies to provide an increasingly wide array of Islamic finance and takaful products.

Innovative Distribution Channels

India's shopassurance trend, where insurance is sold through supermarkets and retail chains, is expected to become an emerging channel due to its ability to reach a wider customer base. Similarly in South Korea, ING sells assurance via Tesco's very successful hypermarkets, allowing customers to sort out their personal insurance needs while doing their weekly shopping.

Japan's unique business model of 'insurance shops' located on the busy streets and in shopping malls is an innovative model that allows the consumer to shop for insurance in much the same way as other commodities. In countries like South Korea, Taiwan and New Zealand Direct Response TVs (DRTVs) are being used to create immediate consumer response to a company's products.

In Pakistan, the insurance industry is still running on archaic distribution model with virtually no use of any innovative channel and that is the main reason that the insurance density and penetration remains the lowest in the region. ■ ■

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The distribution channel development by country

Country	Agency	Bancassurance	Telemarketing	Virtualmarketing	Worksite marketing	Microinsurance
Australia	Mature	Mature	Mature	Mature	Growing	-
China	Mature	Growing	Emerging	Emerging	Emerging	Emerging
Hong Kong	Mature	Mature	Mature	Growing	Emerging	Mature
India	Mature	Growing	Growing	Emerging	Emerging	Growing
Indonesia	Mature	Growing	Emerging	Emerging	Emerging	Emerging
Japan	Mature	Mature	Mature	Mature	Mature	-
Malaysia	Mature	Growing	Emerging	Emerging	Emerging	Emerging
New Zealand	Mature	Mature	Mature	Growing	Growing	-
Pakistan	Mature	Growing	Emerging	-	-	Growing
Philippines	Mature	Emerging	Emerging	Emerging	Emerging	Emerging
Singapore	Mature	Mature	Growing	Growing	Emerging	-
South Korea	Mature	Mature	Mature	Mature	Emerging	-
Taiwan	Mature	Mature	Growing	Mature	Emerging	Emerging
Thailand	Mature	Growing	Emerging	Emerging	Emerging	Emerging
Vietnam	Mature	Growing	Emerging	Emerging	Emerging	Emerging

*including electronic kiosks, mobile phones and the Internet

Source: Deloitte Analysis

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Corporate Social Responsibility: Moving Beyond Philanthropy

Zohra Sarwar Khan

The Securities and Exchange Commission of Pakistan recently issued Corporate Social Responsibility Guidelines, 2013. The consultative process on these guidelines, spanning almost two years, has been extremely beneficial in finalizing the guidelines and communicating the way forward for the SECP. These guidelines are the first step in encouraging the CSR drive. As these guidelines gain momentum, the CSR will become critical for Pakistani companies as they seek a better understanding of the CSR as well as a structured way to do the right things the right way.

sustainable business, sustainable profits and integrated reporting.

It is, however, important to bear in mind that the CSR is a voluntary and self-regulating process within the firm and should go beyond simply conformity with the letter of the law and governance issues, meeting once a year and glossy reports. Rather the CSR must be embedded into business models. Thus regulatory intervention, i.e. through the CSR Guidelines from the SECP, shall add value to the CSR environment in Pakistan.

So the next question that comes to mind is as

good governance. Hence as a primary step, these guidelines emphasize on ownership of governing board at every step of creating of sustainable environment, i.e. from sensitization, to formulation, implementation and monitoring of the CSR initiatives. Furthermore, companies have been encouraged to earmark specified financial or nonfinancial resources, specific criteria or a proportion of their profit (preferably 1-2%) for the CSR initiatives. Once again the responsibility of allocation must be clear, predetermined and shall rest with governing board. Hence these guidelines act as a catalyst for governing board to lead the



Mr. Tahir Mahmood, the SECP Commissioner (CLD), speaking at the SECP's roundtable on the Corporate Social Responsibility Guidelines on December 5, 2012, at the Serena Hotel in Islamabad.

The concept of 'corporate social responsibility' is not new to Pakistan. Emerging from the millennia old practice of philanthropic activity to customized projects, the CSR has seeped into the business architecture. However, a lot of companies and their executives wrongly perceive the CSR as comprising simply of philanthropic 'giving'. The CSR is not only moving forth but rather distinguishing itself from philanthropy. The CSR is something far greater than one-off acts of charitable giving by firms as part of an effort to be (or seen to be) a good corporate citizen and perhaps with some additional marketing or public relations benefits. The CSR is, in fact, a much wider term that may be an effective form of risk management, compliance with the social and environmental laws and means of (shared) value creation for those companies willing to innovate.

The CSR is interchangeably used with socially responsible investing or sustainable development. And to make life tougher, numerous definitions of CSR have emerged and have been adopted! However to make life simpler, all these definitions aim at prioritizing policies within a company that seek that its actions and activities are beneficial, not only to itself and its shareholders, but also to other stakeholders, employees, community and the environment. This is what eventually helps make the business sustainable over time. The CSR drive has thus now moved towards

to what kinds of activities by companies come under the 'CSR umbrella'? A lot depends on the type of business sector and activities that each company currently pursues. But the underlying principle is of sustainability, i.e. ensuring that activities of companies will not have detrimental effect on the society. If, however, the adverse impact is unavoidable, then the measures to mitigate risks are in place.

Globally, a number of voluntary guiding principles have also been introduced in a bid to promote the pursuit of the CSR by companies. For instance, the United Nations Global Compact (UNGC) encourages businesses to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. Furthermore, the OECD Guidelines for Multinational Enterprises constitute a set of voluntary recommendations to multinational enterprises in all the major areas of business ethics. In addition, countries around the world have developed their own set of voluntary guiding principles for companies to follow. All the guidelines do, however, keep the essence of the CSR intact.

The SECP's spirit behind introducing the CSR Guidelines was to set broad parameters for companies to structure their respective CSR environment. Nevertheless, coming from a regulator, these guidelines shall act as soft regulatory intervention. An effective implementation of the CSR is closely related to

drive from one time philanthropy to structured CSR drive and eventually pave the way for sustainable business development.

While there is still a long way to go, it is expected that the adoption of these guidelines shall strengthen the policy and implementation pyramid within reporting companies. Moreover, the SECP has set up a CSR forum, comprising of professional and institutional representatives, having the mandate of gap analysis, social dialogue and drafting CSR reporting framework. It is expected that the CSR forum shall play its effective role in determining the roadmap towards sustainable business development.

By renewing its effort to promote the CSR now, the SECP aims at combining its energies with stakeholders to create an environment conducive to sustainable growth, responsible business behavior and corporate accountability. ■ ■

The writer is deputy director in the Enforcement Department of the SECP. A professional management accountant, she holds a certificate in poverty studies from the School of African and Oriental Studies (SOAS), London. Currently, she is studying at the UK Chartered Institute of Management Accountants.



Doctrine of Indoor Management versus Constructive Notice

Osama Ahmad Osmani

Historically, the Industrial Revolution was the periodic transition to new manufacturing processes that occurred in the 18th and 19th centuries. During this period predominantly agrarian, rural societies in Europe and America became urbanized and industrial. This period in history marks a major turning point, influencing

This leads to the framework in which a company developed into a separate artificial legal person which can sue and be sued. The objects and powers of the company are established in the memorandum and articles of association when registered. They are public documents and are open to inspection by any member of the public. This develops a notion

entitling people to presume that the internal proceedings are within the prescribed domain established.

Interchangeably, the doctrine of constructive notice makes it necessary for an outsider to be conversant with the memorandum and articles of association of a company; however, it is not



almost every aspect of life. Robert Emerson Lucas, Jr., the 1995 Nobel Prize winner in economics, says, "For the first time in history, the living standards of the masses of ordinary people have begun to undergo sustained growth. Nothing remotely like this economic behavior has happened before."

This set the stage for the development and growth of industries, organizations and companies. The development and growth requires skills for proper control as well as management. The management may be

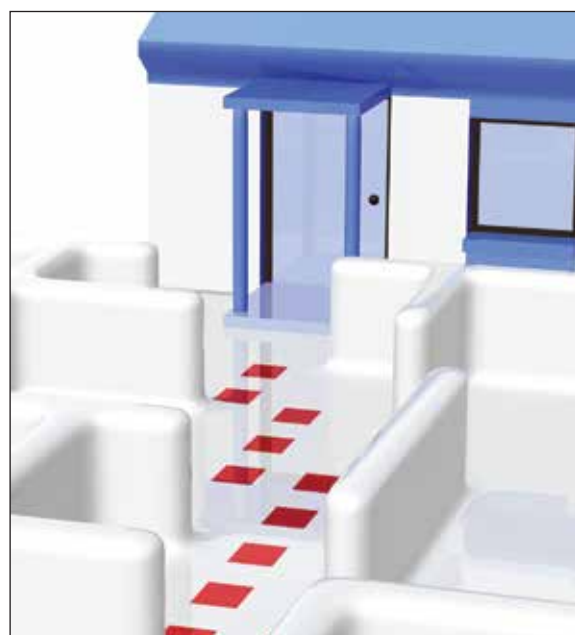
that a company is operating within the confines of its prescribed structure (be it internal management or legal) and boundaries, wherein outsiders keeping those boundaries in view may operate accordingly. The concept/doctrine of indoor management versus constructive notice was thus evolved.

The principle or doctrine of indoor management is also known as Turquand's rule. The word "indoor" denotes things which are going on the other side of the door, i.e. an outsider cannot see the company's internal affairs. The doctrine of indoor management is a belief developed in people who deal with the company. An example can be shareholders, that whether the requirements regarding memorandum and articles of association are being duly complied with or not. In this regard the doctrine serves as an ingredient to safeguard external members from the company, also enabling and

necessary that he is aware of the internal management of a company. Henceforth he understands the implications of any contract he might undertake with the company. Outsiders dealing in good faith assume that

According to the doctrine of indoor management, the vendor should have kept all the stock of the same good quality

controlled through internal documentation as well as legislation.



the internal requirements as indicated in the public documents are fully adhered to by the company and may need not be investigated for their observance.

A real life example may further explain the concepts of indoor management and constructive notice. A person goes to a fruit vendor to buy apples. The buyer asks the vendor about the quality of apples. To further check, the buyer slices an apple. On this basis he buys a kilo of apples and on reaching home finds that the apples are rotten from inside. According to the doctrine of indoor management, the vendor should have kept all the stock of the same good quality. Whereas, as per the doctrine of constructive notice; it was required of the buyer to slice each and every apple to check the quality.

The Turquand's rule became a benchmark for indoor management, which originated in 1856 under a UK company case law, i.e. Royal British Bank v Turquand. As per the case, the directors of a company issued a bond to Royal British Bank, securing the company's drawings on its current account. When the company was sued, the directors held that under the articles of association they had the power to issue such a bond subject to a resolution passed by the shareholders at a general meeting. No such resolution was passed; it was held that Mr Turquand being the liquidator of the insolvent company could recover the amount of the bond, based on the ground assuming that the said resolution was passed.

A number of requirements related to the doctrine of indoor management not being

It is impossible to ascertain whether those sanctions and approvals had been actually obtained or not. In real situations, outsiders are not always in a position to inquire of the directors whether proper approvals had been obtained or not.

conclusive but inclusive are that a company must act in accordance with the provisions of its articles, an outsider need not investigate with respect to the quorum of a resolution passed as well as any action of the board of directors is within the prescribed parameters.



On the other hand certain exceptions exist such as the knowledge of irregularity by the outsider, negligence, forgery of any nature and acts outside the scope of an apparent

authority.

The doctrine of indoor management was not firmly established in law until it was approved by the House of Lords in Mahoney v East Holyford Mining Company (1875). In this particular case, the company's articles duly provided that cheques should be signed by any two of the three named directors as well as by the secretary. The facts were that the directors who had signed the cheques had never been properly appointed by the company. It was held to be a matter of internal management; the third parties who received those cheques were entitled to believe that the appointment of directors was proper and were able to cash them.

The rule of constructive notice has proved to be inconvenient for conducting business transactions, predominantly in those situations



where the directors or other officers of the company have been empowered under the articles to exercise powers subject only to limited prior approvals or sanctions of the shareholders. It is impossible to ascertain whether those sanctions and approvals had been actually obtained or not. In real situations, outsiders are not always in a position to inquire of the directors whether proper approvals have been obtained or not and to ask them to produce the relevant resolutions.

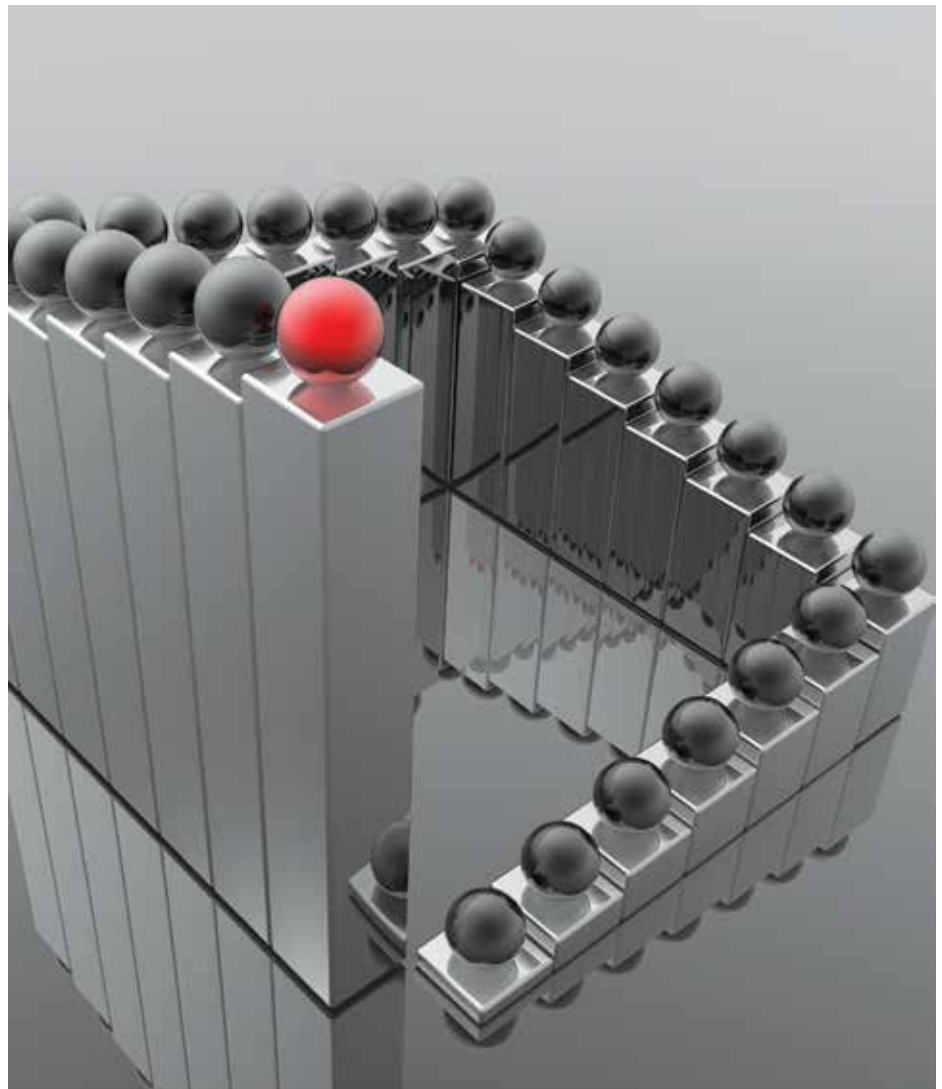
For example in the Case, *Tramway Co. v Jagamanandaradas*, Allahabad High Court rejected the doctrine of constructive liability and it was held that the company is liable to the party to the transaction irrespective of the fact that the directors borrowed the money which was neither complying with the articles nor it was done after passing of the resolution. Therefore it may be concluded that the courts also find reluctance in the application of doctrine of constructive notice.

The doctrine of indoor management seeks to protect the interests of minority shareholders, who generally remain unaware about the inner workings of the companies in accordance with the memorandum and articles of association or otherwise.

On the other hand, the principle of constructive liability is unrealistic because it is based on the presumption that every outsider not only knows the documents of the company but also understands their exact. A company is actually not known by the documents it possesses, but the goodwill of its management.

So, the onus lies on the outsider dealing with the company. Outsiders are expected to obtain knowledge independently pertaining to the functioning and management of the company. For this purpose, the level of education and vigilance on the part of outsiders is required to be raised. It is expected of the outsiders that they not only confine themselves to the basic structure and composition of the company, but also about other matters which can influence in decision making, like financial information and general image and standing of the company in the marketplace.

In addition, stricter legislation and rules with respect to disclosure of information by the company may be introduced. It is imperative that governance issues are taken more seriously, as it has been witnessed in the recent past around the globe. During this age of recession the risk further increases manifold. Weak governance may lead to a disastrous effect for companies and economy as a whole. Even in the developed countries many



organizations could not sustain the effect of inept governance and have crashed, Enron being a prime example.

The Code of Corporate Governance is a step in the right direction. Measures to prevent the element of collusion among directors and major stakeholders have been introduced and made mandatory for companies. The level of transparency is anticipated to increase by making it obligatory for induction of independent people in key positions as well as composition of committees. As of today, these facts further enhance the importance of the concepts of indoor management and constructive notice as well as their proper implication.

The reason behind evolution of the doctrine of indoor management as against to doctrine of constructive notice by the courts, is to protect the interests of the outsiders. Accordingly, the doctrine of constructive notice appears to be harsh on the outsider who does business with a company. Relief cannot be claimed on the

grounds of being unmindful of the powers of the company in case of any ultra vires activity. In this context originally, the doctrine of indoor management mitigated the harshness of constructive notice.

Finally, on the basis of the various annotations and the cases decided by the British and Indian courts, merely registration of a company should not constitute the notice of the documents that have been submitted to the registrar. Outsiders must always have the liberty and freedom to make certain assumptions which a reasonable person may infer from a particular situation. ■ ■

The writer is an assistant registrar of companies at the SECP's Karachi office. He is a CA finalist of the Institute of Chartered Accountants of Pakistan and an associate member of the Pakistan Institute of Public Finance Accountants.

R E C E N T I N I T I A T I V E S

NBFS Reforms Committee Report

On March 4, the Securities and Exchange Commission of Pakistan (SECP) unveiled the Report of Non-Bank Financial Sector (NBFS) Reforms Committee for public feedback. Prepared by senior SECP officials and leading market professionals, the report contains proposed reforms for the development of the NBF sector in Pakistan.

Mr. Muhammad Ali, the SECP chairman, Commissioners, and leading professionals and businessmen from the financial sector attended the ceremony.

Addressing the ceremony, Mr. Ali said that it is imperative that the SECP and the SBP should work in close cooperation for effective and seamless regulation across the financial sector in a globally integrated market.

He said that Pakistan's financial sector is banking centric with the NBF sector accounting only 4.9%—excluding insurance sector—of the financial sector's total assets. This dependence on the banking sector makes our financial system vulnerable to risks through lack of diversification and also restricts the scope of product innovation.

The report highlights that more than 70% of the assets of the financial sector are with commercial banks and only 9% are with the non-banking sector which includes non-banking finance companies (NBFCs), insurance, etc. Out of the remaining assets, around 17% are with the National Savings schemes.

Keeping in view the present composition of financial sector, the report suggests some revolutionary ideas to reform the financial sector. The suggested reforms are aimed at developing and promoting Pakistan's non-bank financial (NBF) sector. It is imperative to diversify the inherent systemic risk and provide different asset classes to promote savings as well as cater to the specific needs of participants through product innovation.

In order to develop NBF sector, in line with best international practices, the report proposes implementation of the concept of activity based regulatory regime in Pakistan. In terms of the proposed regime, capital market activities of all entities including those of commercial banks and DFIs are to be regulated by the Capital Market Regulator (CMR), i.e. SECP and deposit taking/financing/lending activities of all the financial sector participants would be regulated by the Banking Regulator (BR), i.e., SBP. This recommendation is in contrast with the prevalent concept of entity based regulatory domain in our country.

Security clearance procedure relaxed for foreign investors

The Public Sector Companies (Corporate Governance) Rules were launched on March 8 in Islamabad. Addressing the launching ceremony, the Finance Minister, Saleem H Mandviwala, said that the rules are expected to bring about more transparency in the operational matters of the public sector companies and plug their huge losses.

The Finance Minister asked the SECP Chairman and DG, ERU, to formulate a strategy to monitor and ensure the successful implementation of the

Corporate Governance Rules.

The SECP Chairman, Muhammad Ali, said that a major challenge before us that the public sector concerns operate in various legal forms and shapes. The companies and entities governed under special enactments, statutory corporations, directorates, departmental undertakings, cooperatives and trusts, etc. non-corporate PSCs, e.g., NHA, Pakistan Railways, etc., shall be incorporated first as limited liability companies under the Companies Ordinance since the company law framework takes care of most of the governance issues and problems faced by such entities.

Unified Communication

Keeping in view the new technologies and advances in the fields of voice, video and data, the SECP's Information Systems and Technology Department has been focused on giving the SECP users a single collaboration suite that covers the entire feature set for quality voice, video and presence providing robust communication infrastructure. To fulfill these needs a project named Unified Communication (UC) has been initiated. The objective was to integrate real-time communication services such as instant messaging, presence information, telephony, video conferencing, data sharing, call control, and speech recognition.

Video phones are being provided to the officers of deputy director's rank and above, enabling them to communicate within the entire SECP through video as well as audio calls. The IP phones are being allocated to the remaining officers and staff of the SECP. Keeping in view the top SECP management's extensive need for videoconferencing, specific videoconferencing devices have been installed at their desks. They can manage their videoconference requirements from their own desk and can communicate within entire SECP on high definition (HD) video links. Integrating Cisco Unity Connection (CUC) with Microsoft Exchange servers will enable users to see other user's presence in MS Outlook and Jabber clients. This will also enable designated users to get access to their

mailbox over phone. They will also have access to their voice mailbox from anywhere and everywhere and they can listen and/or store messages left for them.

The traditional PABX system is being replaced with the state-of-the-art IP telephony equipment having advanced features such as noise reduction, encryption, and compression while maintaining high quality audio/video calls using appropriate codec. The conventional phone lines have been replaced with Session Initiation Protocol (SIP) trunks with desired number of communication channels at the head office and all branch offices of the SECP. This will enable nationwide dialing (NWD) for the SECP employees at local call rates. Similarly, all incoming calls will be routed through designated CRO offices, cutting call costs for outside stakeholders as well. The Unified Communication project has enabled all the SECP users to communicate with other users in the CROs and/or head office free of cost at high quality audio and video links.

Using Cisco Jabber, users can make voice and video calls to individual users and groups (conference), send instant messages to individuals and groups, share files, share desktop during calls, transfer calls, see presence status of other users, and organize their contacts etc. The Unified Communication project has provided a single collaboration tool across the board to meet all communication needs, and has helped to revolutionize the communication facilities for all SECP users. It has enhanced productivity and collaboration manifold by integrating all communication services under one umbrella.

Human Resources and Training Department's Initiatives



Introduction of the Winter Internship Program

The HR&T Department completed one-month- winter internship program, which started on January 1, 2013. Students from various universities participated in it. The Internship program provided them with an opportunity to gain firsthand experience and to discover how they may contribute to the financial markets.

The dress code for employees

In order to ensure compliance with the dress code policy, spot checks were conducted by officials of the HR&T Department. The relevant HODs were asked to enforce the dress code.

The rationalization of probationary period

The probationary period has been divided into two stages. Initially, the department shall interact with relevant supervisors to get feedback on the progress of new employees by sending the Probation Performance Assessment form on completion of the third month and then finally 15 days before the completion of six months.

The salary survey

In order to bring salaries of the SECP employees on a par with the market, the department is about to select a consulting firm, which will carry out a salary survey of comparative organizations.

The town hall meeting

The town hall meeting took place on February 28, 2013, at the NIC Auditorium in Islamabad. The colleagues from Lahore, Karachi and other stations joined in through videoconferencing facility.

Presentation on Voluntary Pension System

On March 6, 2013, the HR&T Department in coordination with the Mutual Fund Association of Pakistan (MUFAP) arranged a presentation on VPS for the SECP employees. The VPS providers and fund managers set up stalls at the SECP head office as well as at the CROs to facilitate the employees in opening their pension accounts.

International Women Day

The department took the initiative to celebrate the International Women's Day on Friday, March 8, 2013. As a token of appreciation to the female employees, the department distributed among them roses and bars of chocolate. Rs50,000 were donated to the Acid Survivors Foundation, Islamabad, a non-profit organization that has been working since 2006 to eradicate acid violence and to promote human rights of acid burn victims. ■ ■

H A P P E N I N G S



The Honorable Chief Justice of the Sindh High Court, Mr. Justice Mushir Alam, addressing a gathering of judges and lawyers. The event was held in collaboration with the Sindh Judicial Academy on February 8, 2013.



The SECP chairman speaking at the launching ceremony of Non-Bank Financial Sector Report on March 4, 2013, in Karachi. The State Bank governor, Mr. Yaseen Anwar, and SECP Commissioners, Mohammed Asif Arif and Imtiaz Haider, are also present.



The SECP chairman, Mr. Muhammad Ali, and Mr. Rehman Malik interacting with the business community for relaxation in security clearance procedure for the foreign investors on February 25, 2013 in Karachi.



The SECP chairman with officers from the Lahore CRO at the annual dinner for the SECP employees.

کام کرنے کی ہدایات بھی جاری کر دی ہیں۔ نیشنل کلیئرنگ کمپنی میں قائم، ویب پیس آن لائن سسٹم کے ذریعے کمپیٹل مارکیٹ میں سرمایہ کاری کرنے والے تمام افراد کی جانب سے فراہم کی گئی معلومات کی جانچ پڑتال کی جائے گی۔ یہ ادارہ کمپیٹل مارکیٹ کے تمام سرمایہ کاروں کا الگ الگ ریکارڈ بھی محفوظ کرے گا۔ صرف نامزد کردہ، اتھارٹی رکھنے والے افراد کو ہی 'مرکزی ادارہ برائے اپنے صارف کو پہچاننے' کے ریکارڈ تک رسائی حاصل ہوگی۔ نیشنل کلیئرنگ کمپنی میں قائم کیے جانے والے ادارہ سے ایک بار کلیئرنگ حاصل کرنے کے بعد کسی بھی سرمایہ کار کو کمپیٹل مارکیٹ میں دوبارہ سرمایہ کاری کے لیے کلیئرنگ کے مراحل سے نہیں گزرنا پڑے گا۔ پہلے مرحلے میں مرکزی کلیئرنگ کی سروس صرف شاک مارکیٹ کے بروکرز اور میوچل فنڈز کو فراہم کی جائے گی جبکہ دوسرے مرحلے میں اس کا دائرہ کار انشورنس کمپنیوں اور اجناس کی منڈی تک بڑھا دیا جائے گا۔ اپنے صارف کو پہچاننے کا مرکزی نظام قائم کرتے ہوئے اس بات کا خصوصیت سے خیال رکھا جا رہا ہے کہ سرمایہ کاروں کی بنیادی معلومات کی جانچ پڑتال کے لئے آسان طریقہ کار وضع کیا جائے اور غیر ضروری معلومات حاصل نہ کی جائیں۔

ایس ای سی پی ایک تعارف

خود مختار حیثیت کا حامل ہوتا ہے، پاکستان میں بھی حکومت نے اسٹاک مارکیٹ کی ریگولیشن کو آزاد اور خود مختار بنانے کے لیے یکم اکتوبر 1997 کو سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کی بنیاد رکھی اور کارپوریٹ لاء اتھارٹی کو SECP میں ضم کر دیا گیا۔ مناپلی کنٹرول اتھارٹی کو CLA سے الگ کر دیا گیا اور بعد میں مناپلی کنٹرول اتھارٹی کو ایک آزاد اور خود مختار مسابقتی کمیشن (Competition Commission of Pakistan) میں تبدیل کر دیا گیا۔

سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کا آرڈیننس کارپوریٹ سیکرٹری اور شاک مارکیٹ کے لیے ایک خود مختار اور موثر ریگولیٹر کا ڈھانچہ فراہم کرتا ہے جس میں جانچ پڑتال کا مناسب انتظام بھی موجود ہے۔ ایس ای سی پی کے سالانہ بجٹ کی منظوری کے لئے ایک پالیسی بورڈ قائم کیا گیا ہے جبکہ سالانہ حسابات کی جانچ پڑتال ایک چارٹرڈ اکاؤنٹنٹ فرم کرتی ہے جس کا تقرر حکومت اور آڈیٹر جنرل آف پاکستان کی منظوری سے کیا جاتا ہے۔ اسکے علاوہ ایس ای سی پی کی کارکردگی کی سالانہ رپورٹ اور اسکے حسابات کو ہر مالی سال کے اختتام پر شائع بھی کیا جاتا ہے۔ یہ رپورٹ ہر سال پارلیمنٹ کے سامنے پیش کی جاتی ہے۔

ساتھ ساتھ اثاثہ جاتی کمپنیوں، سنٹرل ڈیپوزٹری اور ریٹنگ کمپنیوں کے لیے قواعد و ضوابط دیئے گئے تھے۔ ساتھ ہی اس قانون کے نفاذ کے لئے نومبر 1970 میں سیکورٹیز اینڈ ایکس چینج اتھارٹی آف پاکستان (SEAP) کا قیام بھی عمل میں لایا گیا۔ یہ اتھارٹی وزارت خزانہ کے ماتحت تھی۔ سیکورٹیز اینڈ ایکس چینج اتھارٹی نے پاکستان میں پہلی بار حصص کے لین دین کے لیے باقاعدہ قواعد و ضوابط جاری کیے۔ 1973 میں کمپنی لاء ایڈمنسٹریشن اور 1974 میں اکاؤنٹنگ کا محکمہ بھی وزارت تجارت سے نکال کر وزارت خزانہ کے ماتحت کر دیا گیا اور پھر فروری 1974 میں ان دونوں محکموں کا کام بھی سیکورٹیز اینڈ ایکس چینج اتھارٹی کے حوالے کر دیا گیا۔

مارچ 1980 میں SEAP، رجسٹر آف کمپنیز اور مناپلی کنٹرول اتھارٹی کو ملا کر کارپوریٹ لاء اتھارٹی کی بنیاد رکھی گئی۔ کارپوریٹ لاء اتھارٹی کو کمپنیز ایکٹ 1913، سیکورٹیز اینڈ ایکس چینج آرڈیننس 1969، مناپلی کنٹرول آرڈیننس 1970، اور مضاربہ کمپنیز آرڈیننس 1980 کے نفاذ کی ذمہ داریاں سونپی گئیں۔ بعد ازاں 14 دسمبر 1989 کو کمپیٹل ایشوز ایکٹ 1947 پر عمل درآمد کی ذمہ داری وزارت خزانہ سے لے کر کارپوریٹ لاء اتھارٹی کو سونپ دی گئی۔ ترقی یافتہ ممالک کو دیکھتے ہوئے جہاں شاک مارکیٹ کا ریگولیٹری ادارہ ایک

سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کا قیام، ایس ای سی پی ایکٹ 1997 کے تحت عمل میں لایا گیا۔ ایکٹ کی دفعہ 20 کے تحت ایس ای سی پی مندرجہ ذیل سیکرٹریز کو ریگولیٹ کرنے کا ذمہ دار ہے۔

کمیٹیٹل مارکیٹ: شاک مارکیٹیں، کماڈٹی ایکس چینج، سنٹرل کلیئرنگ کمپنی، سنٹرل ڈیپازٹری کمپنی، بروکرنگ ہاؤسز، کریڈٹ ریٹنگ ایجنسیز

نان بینکنگ فنانشل سیکٹر:

انوسٹمنٹ کمپنیاں، لیزنگ کمپنیاں، بینشن سکیمیں، رئیل سٹیٹ انوسٹمنٹ ٹرسٹ، میوچل فنڈز

انشورنس سیکٹر: لائف انشورنس، جنرل انشورنس، تکافل کمپنیاں، انشورنس ایجنٹ

کارپوریٹ سیکٹر: لسٹڈ کمپنیاں، نان لسٹڈ کمپنیاں، پرائیویٹ لمیٹیڈ کمپنیاں، سنگل ممبر کمپنیاں، غیر منافع بخش ایسوسی ایشنز

شاک مارکیٹ میں سرمایہ کار اور کمپنیوں کے حقوق اور سرمائے کی حفاظت کے لیے حکومت کی جانب سے 1969 میں سیکورٹیز اینڈ ایکس چینج آرڈیننس کا نفاذ کیا گیا۔ اس قانون میں شاک ایکس چینج کی منظوری اور رجسٹریشن، شاک مارکیٹ میں کمپنیوں کی لسٹنگ، شاک میں مالی بے ضابطگیوں کی تحقیقات اور بروکرز کی تعلیمی قابلیت کے

ویژن

”محفوظ ریگولیٹری اصولوں پر مبنی جدید و موثر کارپوریٹ سیکٹر اور کیپیٹل مارکیٹ کا فروغ جو کہ ملکی معاشی ترقی اور سماجی ہم آہنگی پیدا کرنے کے لئے قوت متحرکہ مہیا کرے“

اپنے صارف کو پہچانیے

سرمایہ کاروں کی کلیئرنس کے لئے سنٹرلائزڈ نظام



ہر مالیاتی کمپنی سرمایہ کار سے اپنے طور پر معلومات کا پروفارمہ بھرواتی ہے اور متعلقہ ادارے کو بھجوا دیتی ہے۔ الگ الگ طریقہ کار اور معلومات کی تصدیق کے لئے کوئی مربوط نظام نہ ہونے کے باعث سرمایہ کاروں کی جانب سے غلط معلومات فراہم کرنے کا احتمال موجود رہتا ہے، جبکہ سرمایہ کار کو ہر نیا اکاؤنٹ کھولنے کے لئے جانچ پڑتال کے مراحل سے گزرنا پڑتا ہے۔ دنیا کے کئی ممالک نے مالیاتی شعبے میں سرمایہ کاروں کی کلیئرنس کے لئے مربوط نظام قائم کر دیا ہے۔ سرمایہ کاری وصول کرنے والی تمام کمپنیاں اپنے صارفین سے حاصل کردہ بنیادی معلومات ریگولیٹری ادارے کی جانب سے قائم کئے گئے ’مرکزی ادارہ برائے اپنے صارف کو پہچانیے‘ میں ’مرکزی ادارہ اپنے صارف کو فراہم کردہ معلومات کی تصدیق کرنے کے بعد اس سرمایہ کار کو کلیئرنس دیتا ہے۔ اپنے صارف کو پہچاننے کے مرکزی ادارے سے ایک بار کلیئرنس حاصل کرنے کے بعد، سرمایہ کار کو ہر نئی سرمایہ کاری کے لئے بار بار کلیئرنس کے مراحل سے نہیں گزرنا پڑتا، جس سے نہ صرف وقت اور وسائل کی بچت ہوتی ہے بلکہ صارف کے بارے میں معلومات کی تصدیق بھی قابل بھروسہ اور شفاف طریقہ کار سے ہوتی ہے۔

پاکستان میں ’اپنے صارف کو پہچاننے‘ کے لئے مربوط نظام کے قیام کی طرف پیش قدمی کرتے ہوئے، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے کیپیٹل مارکیٹ میں سرمایہ کاری کرنے والے افراد کی کلیئرنس اور جانچ پڑتال کے لیے ایک مرکزی ادارہ قائم کرنے کا فیصلہ کیا ہے، تاکہ جانچ پڑتال کے مرحلے کو آسان بنایا جائے اور سرمایہ کاروں کو ہر بار ان مراحل سے نہ گزرنا پڑے۔ اس سلسلے میں ایس ای سی پی نے نیشنل کلیئرنگ کمپنی کو بطور ’مرکزی ادارہ برائے اپنے صارف کو پہچانیے‘ (Centralized Know Your Customer Organization)

ایکٹ کے تحت یہ ایک مجرمانہ فعل ہے۔ منی لانڈرنگ ایک ایسی سرگرمی ہے جس میں سرمایہ کار غیر قانونی طریقہ سے حاصل کئے گئے سرمائے کو اپنی شناخت چھپا کر سرمایہ کاری کے قانونی طریقوں، جیسے کہ بینک، شاک مارکیٹ یا کرنسی مارکیٹ کے ذریعے دوسری جگہ منتقل کرتا ہے۔ پاکستان میں منی لانڈرنگ کی روک تھام کے لئے فنانشل مانیٹرنگ یونٹ کا ادارہ بھی قائم ہے۔ غیر قانونی وسائل سے حاصل کئے گئے سرمائے کی مالیاتی اداروں، شاک مارکیٹوں، انوٹسٹمنٹ بینکوں میں سرمایہ کاری روکنے کے لئے پاکستان میں بھی مالیاتی کمپنیوں کے لئے ’اپنے صارف کو پہچانیے‘ کی گائیڈ لائنز وضع کی جا چکی ہیں۔ تمام بینک، بروکریج ہاؤسز، انشورنس کمپنیاں اور سرمایہ کاری بینک، ہر سرمایہ کار سے ایک پروفارمہ کے ذریعے بنیادی معلومات حاصل کرتے ہیں تاہم اب تک کیپیٹل مارکیٹ میں سرمایہ کاروں یا صارفین کی جانب سے فراہم کی جانے والی معلومات کی تصدیق کے لئے کوئی مربوط نظام موجود نہیں

’اپنے صارف کو پہچانیے‘ (Know Your Customer) دنیا میں تیزی سے مقبول ہوتی ہوئی اصطلاح ہے، اس کا مطلب کسی مالیاتی ادارے یا کاروباری کمپنی کی ایسی سرگرمی ہے جس کے ذریعے بینک، شاک مارکیٹ، انشورنس کمپنی، میوچل فنڈز یا دیگر صورتوں میں سرمایہ کاری کرنے والے شخص سے متعلق بنیادی معلومات کا حصول ہے۔ صارف یا سرمایہ کار کے بارے میں معلومات حاصل کرنے کا مقصد یہ جاننا ہوتا ہے کہ متعلقہ شخص نے سرمایہ کہاں سے حاصل کیا، کیا وہ کسی غیر قانونی سرگرمی میں ملوث تو نہیں رہا۔ دنیا بھر کے مالیاتی اداروں میں ’اپنے صارف کو پہچاننے‘ کے حوالے سے باقاعدہ قوانین اور قواعد وضع کئے جا چکے ہیں تاکہ شناخت کی چوری، مالی فراڈ، منی لانڈرنگ اور دہشت گردی کی مالی اعانت کو روکا جاسکے۔

منی لانڈرنگ (Money Laundering)

یعنی کالے دھن کو سفید کرنے کا مسئلہ پاکستان کے لئے ہمیشہ سے اہم رہا ہے۔ منی لانڈرنگ