



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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Microinsurance: Small ticket, Big value

Faraz Uddin Amjad

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

I don't like falling ill. If I fall ill, my mother has to take time off from work and then sometimes we don't have anything to eat," says Saniha, 10, who lives on the outskirts of Korangi Industrial Zone in Karachi where her mother is a daily-wage worker at a local garment factory. "And she ends up spending my savings on medical treatment, which I have for the wedding of my doll." This is not the story of one household alone. Hundreds of thousands of such households exist today around us, where one family member's illness wipes out all the savings. The households are even forced to sell off their productive assets such as livestock, tools and even the kitchen utensils.

Though, health issues are not the only catastrophe which befalls these households. The devastating floods of 2010 and then the torrential rains of 2011 revealed the severe vulnerabilities of low-income households. This is not the matter of one time rehabilitation but the need is to give such people a coping mechanism to demonstrate resilience to the distresses. Here comes the role of microinsurance, which is not essentially as downsized or subset version of insurance, but represents a specialized financial product to cater for the risk mitigation and financing needs of such low-income households. Currently, reported figures show that there are nearly 4 million micro-insurance policyholders in Pakistan, but the promise of wellbeing and protection does not



seem to be fulfilled.

Then what is the missing link? First, the coverage so far is limited to only credit life and health micro-insurance, which is meeting the needs of a very small number of end users and that too to a minimal extent, if not at all. Second, the education and awareness is a bigger challenge, where

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Leasing: Regulations and Development of the Economy

Imran Hussain Minhas

Leasing, a useful financial instrument normally used for medium-term financing provides funds for specific asset rather than direct capital. The two types of leasing i.e. Operating and Finance Lease are effective solution for small and medium scale business entities and proprietors.



Corporatization and Compliance

Muhammad Siddique

Corporatization means switching over to company and get enlisted with stock exchange. Corporatization is aimed not only at facilitating companies but also improve the access of small medium entrepreneurs to capital borrowing in local and global market.



Muhammad Ali
Chairman, SECP

Chairman's Message

I am pleased that we have successfully revived the SECP's newsletter and compliments are due to the media team for this achievement. A lot of hard work and creative effort has gone into making this initiative a success. It is my hope that we will be able to constantly improve the standard of our publications—both in terms of content and style—so that internally and externally our publications are seen as a hallmark of excellence. The objectives of the newsletter are to keep our most precious resource, our employees, updated on the latest developments and initiatives launched by the SECP, and to enhance the brand equity of the SECP as an efficient, effective, balanced and pro-growth regulatory body. I would also like to highlight that the newsletter will be an excellent forum for all

the SECP employees to show their talents for writing and research. Initially it will be a quarterly publication, but its frequency can be increased with the passage of time.

The overall aim of the SECP is to be ranked among the best regulators in the region—in terms of fulfilling the development needs of our capital market, non-banking financial, insurance and corporate sectors as well as effective enforcement of the legal and regulatory requirements. To achieve this aim, the Commission has focused on a strategy of adding value through our people, processes and systems.

In order to build teams for the future, as part of the first phase of restructuring the SECP, we have strengthened our support functions' teams as they are crucial for strengthening and supporting the subsequent restructuring of our operational areas. While we have been focusing on fulfilling our development and enforcement roles over the last few years, we are dedicated to performing these functions better in the future. Thus, we envisage the next phase of restructuring the SECP to be about

better offsite surveillance, onsite monitoring and enforcement decision making. Along with this, we intend to dedicate separate teams to focus on the development of our markets and products. These reforms are expected to be completed by the first quarter of 2013.

With regard to our processes, the Commission has approved standard operating procedures for all aspects of the enforcement function ranging from off-site surveillance and monitoring, to inspections, enquiries and investigations, adjudication and litigation. We have formed a team to manage the transformation of the SECP into a knowledge based organization and we are in the process of preparing SOPs for all areas of operations within the SECP. This will bring in greater consistency, quicker turnaround

time and improved transparency in everything that the SECP does. We are also focusing on further strengthening our internal audit team as well as developing the compliance aspect so as to bring in even greater checks and balances in the way we work.

Regarding our systems, the goal is to move towards an organization that works in a paperless environment. For this, the Commission has approved implementation of the Unified Communications System, which will revolutionize the way in which we interact across Pakistan. We are also implementing systems for business process management (BPM) and enterprise resource planning (ERP). By June 2013 we expect to have the Oracle ERP system up and running, while the BPM system is expected to be completed by December 2013.

“ We have formed a team to manage the transformation of the SECP into a knowledge based organization and we are in the process of preparing SOPs for all areas of operations within the SECP ”

In order to attract the right talent, it is important to provide our employees a work environment that is conducive to high achievement and job satisfaction. For this purpose, the Commission has approved construction of its own purpose-built offices in the three major cities of our country, i.e., Islamabad, Lahore and Karachi. In Karachi, we have acquired a plot for the SECP building. We are actively trying to acquire pieces of land for our Lahore and Islamabad offices. As these office buildings will take nearly five years to complete and our Karachi office needs extensive renovations, the Commission has decided to move our Karachi office to the PNSC Building in the third quarter of 2013.

In conclusion, it is my sincere hope that our media team will be able to establish the newsletter as a permanent, high-quality publication. My thanks go out to my fellow Commissioners and all the employees. Without their valuable ideas and contributions, this publication would not have been possible. ■ ■

Microinsurance

the need is not only to educate the low-income households enticing them to buy microinsurance but also to inform the existing microinsurance policyholders regarding what they have bought and how to benefit from it. The insurance companies see a business case for selling microinsurance but there seems to be a disconnect. The last mile delivery problem is a major challenge, where insurance companies have no or limited direct presence in the neighbourhood of these low-income households, leaving alone the rural-urban divide. This calls for building partnerships to deliver the product through those channels which are already reaching these households or with whom these households transact in their daily routine such as mobile phone companies, the FMCG distributors, retail outlets, neighbourhood NGOs, cooperative unions, among the few examples.

I witnessed an amazing example that how the PharmAccess Foundation of the Netherlands jointly with the MicroEnsure of the UK is delivering the health microinsurance to the low-income coffee farmers, through the native cooperative union of coffee growers in the small villages of the Kilimanjaro, a hill station in Tanzania. Premiums are collected through M-Pesa outlets, a network of mobile money transfer platform. This is not only providing affordable healthcare to these coffee growers, but also resulting in revamped state of healthcare facilities where clinics are now able to treat more patients and pay better salaries to doctors, nurses and staff. Even in Pakistan today, such affordable access to primary healthcare may decrease mortalities which are usually due to avoidable or curable diseases such as diarrhoea, malaria, etc.

While in Dar es Salaam, Tanzania, to attend the 8th International Microinsurance Conference, I had a chance to meet Craig Churchill, chairman of the ILO's Geneva-based Microinsurance Innovation Facility, who was quiet excited and knowledgeable about the market developments in Pakistan. He considered Pakistan a promising market, with all essential ingredients available, and poised to be among the global leaders in microinsurance penetration. In particular, one potential reality of microinsurance delivery through a large local cellular phone network was discussed with interest.

Let me mention the example of Brazil where microinsurance is now truly benefiting the masses. In Brazil, 70 million people have been provided insurance coverage for life and personal accident (\$840), hospitalization

Continued from page 1

(\$30,660) and unemployment. The monthly premium is \$4.5. Actors are insurers like Ace and QBE; brokers like Aon Affinity; and distributors like Brasil Telecom, the largest telecommunication company in Brazil. It is clearly evident that no one can do it alone, one needs to build partnerships and strong ones. From insurers, to brokers, to telecom companies, to healthcare providers, everyone has a role to play, along with an opportunity to make good profits.

In Pakistan, the larger programmes like the NRSP health microinsurance and SLIC's health and life microinsurance for BISP exist, but one has yet to see the client value and business value, which could be demonstrated through claim ratios, innovations in payment collection and claims process.

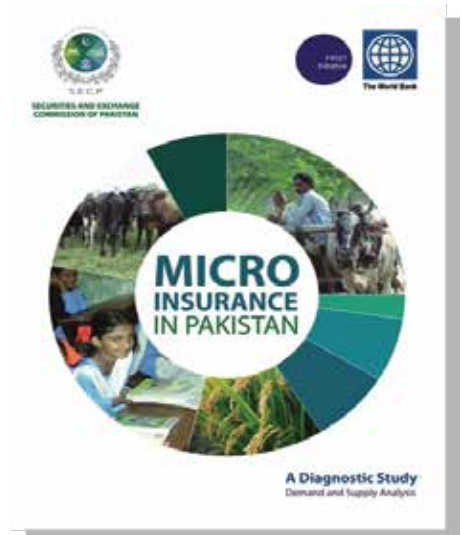
According to Hennie Bester, the Senior Advisor at the Centre for Financial Regulation and Inclusion, South Africa, unlike other developing markets, Pakistan has a unique, open-architecture regulatory framework when it comes to insurance intermediation and that is highly favourable for the delivery of microinsurance. He further says that it is exciting to see how Pakistan's microfinance market is flourishing where

From insurers, to brokers, to telecom companies, to healthcare providers, everyone has a role to play, along with an opportunity to make good profits



Participants at one of the medical facilities revamped by PharmAccess Foundation and MicroEnsure in Kibosho village, Kilimanjaro, Tanzania exploring how low-income coffee farmers are being provided affordable health microinsurance.

mobile phone operators are becoming owners of microfinance banks for the delivery of financial products to mass markets. This indeed is a promising sign for the penetration of microinsurance itself. The need is to pull all the pieces together and build synergy in initiatives which seems to be polarized, at least at this point in time. The SECP is not only building the regulatory framework for microinsurance, but is also actively supporting development initiatives by encouraging and supporting stakeholders to pursue this important line of business. Some of the examples are index-based crop and livestock microinsurance



The Diagnostic Report on Microinsurance in Pakistan conducted by the SECP in collaboration with the World Bank/FIRST Initiative was released in October 2012 and is also available at the SECP's website.

pilot projects being conducted by the Pakistan Poverty Alleviation Fund in various locations of Punjab, development of catastrophe insurance scheme by NDMA in collaboration with CDKN, risk assessment of low-income and vulnerable populations by the Global Facility of Disaster Recovery and Reduction at the World Bank. The October roundtable in Karachi was also one of the many activities, which opened up an array of possibilities through partnerships of traditional insurance and contemporary technology channels.

While the regulator is weighing the bold steps which it may need to take in order to further develop microinsurance market, the call is open for insurers, brokers, microfinance sector, telecommunication companies, distributors and technology providers to respond to the demand. At the same time, development organizations need to mull over how and where they can synergize the development goals of social protection with microinsurance. At the SECP, one is always welcome to talk to know how it can build microinsurance ideas into reality, and that too with the entrepreneurial spirit. ■ ■

The writer is a Joint Director in the Insurance Division of the SECP. He holds an MBA from the IBA, Karachi, and an LLB from Sindh Muslim Law College, University of Karachi. The views expressed in this article are of the writer and do not necessarily represent the SECP's position.



Mohammed Asif Arif, the SECP Commissioner for Insurance, speaking at the business policy roundtable on microinsurance held in October in Karachi. He is flanked by Nadeem Hussain, vice-chairman, Pakistan Microfinance Network, and Gabi G. Afram, Senior Financial Economist of the World Bank.



Editorial

Welcome to the latest issue of our newsletter Vision. It will provide you with information about the achievements and activities of the Securities and Exchange Commission of Pakistan as well as items of interest for the capital market, non-bank financial, insurance and corporate sectors. Being the apex regulator, we have a wide range of stakeholders who are keenly interested in knowing about the latest developments as they pertain to them. As we all know, the newsletter is an excellent vehicle to meet this need.

In recent months the SECP has taken many measures for the development of areas under its ambit and these are of interest to our external stakeholders. At the same time, the Commission has also taken some important steps for the welfare of its employees. For example, the SECP Employees' Welfare Trust was formally registered to facilitate its employees. A voluntary pension system has also been established for the regular employees of the SECP.

We hope that you would find the current issue of the newsletter useful and interesting. It has a cover story on microinsurance, which is a truly innovative product and has the potential of transforming the lives of millions of people from the low-income

groups in Pakistan. We are also carrying articles on conducting effective financial investigations, leasing and on role of the company secretary. The articles on achievements of the Corporatization and Compliance Department and the Human Resources and Training Department are also part of this issue. Last but not least, an article in Urdu is also being published covering the steps taken by the SECP to promote the corporate sector.

We shall put in our best efforts to make the newsletter a publication worth reading. From the next issue onwards, we plan to add another feature – profiles of three employees of the SECP: from among the management, lower staff and our female colleagues. Initially, the newsletter will be published on a quarterly basis. However, we would like to increase its frequency. In order to achieve this objective, we need your help, cooperation and ideas. So, please be forthcoming. We really look forward to receiving your contributions and ideas. ■ ■

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Leasing: Regulations and Development of the Economy

Imran Hussain Minhas

Leasing is a contract under which the owner (lessor) gives the tenant (lessee), rights to use or occupy the asset or property for whole or part of its economic life, for a particular period of time, in return of certain reward.

Leasing can be used as short to long term financial instrument but normally it is used for medium-term financing which provides funds for specific asset rather than direct capital. There are two common types of leases:

- (1) Operating lease: the term in this type of lease is shorter than the expected useful life of the asset and it allows only the use of an asset and not conveys its proprietary rights;
- (2) Finance lease: it is also known as capital lease, it is a process of raising capital to finance an asset and it transfers all the risks and rewards to incident ownership. The finance lease nearly covers the useful life of the asset.

In each type of lease there are three parties:

1. Leasing entity (lessor)
2. Tenant or user of the asset (lessee)
3. Supplier of the asset (vendor)

Benefits of Leasing-- By developing leasing as

an additional financial tool the corporate sector and business communities can enjoy the following benefits:

1. Facility with no collateral:

Leasing is an effective solution for small and medium scale business entities and proprietors who have expertise but lack capital to buy particular business assets. Leasing provides opportunity to buy business assets to those who are with no or low collateral to offer against the facility.

2. Non-cancelable facility:

Banks provide facilities which are payable on demand. But lease normally contains a feature of irrevocability. Even in case of lessor's default or change in management, there is no risk for the lessee to transfer the asset before the maturity date. As the lessor cannot revoke the lease before expiry of its term, this enables the lessee to plan his/her business even better.

3. Low cost:

The cost of lease finance is competitive and low in some cases when compared to the conventional finance, as it does not involve the

cost of mortgages and other charges of collateral which are necessary in case of other conventional loans. In addition the leasing rentals are tax deductible item from the lessee's point of view and can be used as a tax shield.

4. Preserve liquidity and enjoy flexibility:

Leasing preserves the working capital and liquidity of the lessee as he/she does not have to spend a huge amount on the purchase of an asset. It provides flexibility to the tenant to pay the lease installments from the earnings of the leased asset.

As the lessee can terminate the lease, any time, after some agreed period. It increases flexibility of the lessee to change its assets in case of change in the technology, which saves his huge investment in the asset and cost of replacement.

5. Islamic product:

Operating lease has inbuilt features of Islamic finance and is used in the shape of ijara when it is kept free from interest and return is received in the shape of rentals.

Regulations, Monitoring and Enforcement for Leasing— Ideally the financial sector, including leasing should be regulated. But one has to decide whether all leasing institutions should be regulated on the same grounds or there should be a thin line between the deposit raising and non-deposit raising leasing institutions.

It is believed that the regulations should be made more stringent for deposit taking institutions than the non-deposit taking entities. Non-deposit taking entities should preferably be exempted from the various complex and strict regulatory requirements.

Every country designs its own regulations based on the world's best practices and normally there are following four common types of regulations for the financial institutions including the leasing sector:

1. Minimum Equity Requirements:

The minimum equity requirement is a standard requirement which defines the minimum size of the institution in the first place and demands that a financial institution must maintain a proportion of its assets as liquid in the second place. The liquid assets are normally required to meet with the unpredictable demands from the stakeholders of the financial institutions which are mostly the deposit holders.

2. Entry Requirements:

Many countries have placed some barriers on the financial institutions to enter the financial market. These barriers are in the form of minimum entry requirements which includes requirements like track record of the company as well as of the group and sponsors, feasibility reports, certain other documents and fee requirements which ended up on the licensing of the financial institution.

3. Financial Reporting and Disclosure Requirements:

Financial reporting and disclosures are normally required to keep the stakeholders update on the financial position, regulatory compliance status and business activities of the reporting institution. It reduces the concerns and risks of the stakeholders. Reporting and disclosure requirements are defined in the relevant law of the land and international financial reporting standards.

4. Operational Risk Management:

The regulators control the operational risk of the financial institutions by formulating such regulations which mainly focus to control the risk of operational breakdown, failure of internal control resulting increase in fraud and mismanagement. Basic Indicator, Standardized and Advanced Measurement Approaches in the Basel – II are also attempts to protect the financial institutions specially banks from the operational risk. How the

regulations should be designed to promote leasing industry— It is recommended that while formulating the regulations for non-banking financial intuitions (NBFIs), including leasing companies, one should keep in mind the following key points:

1. Keep the Regulations Simple:

The regulations must be designed keeping in view the environment of the country and one factor should always be kept in mind that the industry must not be over-regulated. The regulations should be simple, result-oriented and based on industry's best practices. They should also promote transparency, fair business and objectively introduce proper risk management, management of exposures and policies for the prevention of manipulations in



the operational areas. The regulations should define minimum entry requirements but these requirements must be bare minimum for non-deposit taking leasing institutions.

Excessive requirements for licensing can limit the fresh entry, so they should be applied prudently. The leasing industry can grow more rapidly in those jurisdictions which do not have licensing requirements as compared to the countries which have rigid licensing requirements.

2. Protect the Investors:

The regulations must contain effective monitoring, surveillance and enforcement powers for the robbers of the public money. The regulators should introduce such measures that are able to protect the public interest and investors by detecting malpractices, fraud and forgeries of the management. To achieve the purpose, the reporting and disclosure requirements should

be specific, objective and must not be overstretched.

3. Equity Requirements:

The equity requirements, where necessary, must be arrived at, after careful calculation of minimum resources that are required to run a specific type of NBFI on a profitable basis. It is advisable that the leasing institutions which are not deposit taking should be kept free from minimum equity requirements.

4. Differentiate between Deposit Taking and Non-Deposit Taking Entities:

The regulations must differentiate, identify and acknowledge the financial institutions, having clear public interest like deposit taking and trading in public securities etcetera and non-deposit taking, separately for the purpose of regulatory requirements. The reason is that the leasing companies and other NBFIs, having least public interest or no deposits are like other public limited companies (non-deposit taking), which are playing with their own capital.

Leasing in Developing Economies— In the developed countries the businessmen are mature and established. They have sufficient collateral to offer for any type of financing facility they need. They have a proven track record of credit history which a conventional bank requires to finance. On the other side in the developing economies the businesses and companies are established with low capital and the number of such clients, who can offer better collateral, is very small.

The developing countries and small businesses face hard challenges for growth and they always need support to finance their assets. Leasing being a low collateral based facility provides substantial support to small business enterprises which do not have access to finance due to deficiency of proper collateral. Funding the business assets through small and micro lease opens a number of opportunities to the emerging economies. These opportunities are in the form of increased GDP, services, economic growth and job opportunities.

Small leases in large numbers can create huge volumes and contribute substantially at the final stage of calculating the GDP. Small and micro lease has potential to provide growth opportunity to small businesses and poor individuals whose prosperity could ultimately push forward the underdeveloped economies into developing and developed economies. ■ ■

The writer is a professional banker having experience of over 15 years in the banking and finance industry. He is a Master's in Finance from University of the Punjab, DAIBP, DCMA, PGD (IBF), Certified Islamic Microfinance Manager, and Certified in Capital Market Regulations from the United Nations Institute of Training and Research. He is serving as a Joint Director Modarabas (Islamic financial institutions), at the SECP



Corporatization and Compliance

Muhammad Siddique
Registrar of Companies, SECP

The concept of corporatization is aimed at facilitating companies so as to improve competitiveness and access to capital borrowing in the local and global market. It not only provides growth opportunities to businesses, rather entails all the ingredients of a robust economy.

The Corporatization and Compliance Department is all for promotion of corporatization in the country for it remains unambiguous about long-term benefits that the corporatization can bring to all the stakeholders. Consequent to a number of endeavours to facilitate promoters of prospective companies, the corporate portfolio has experienced a steady growth over the last decade.



The corporate portfolio has surpassed the figure of 63,000 companies and the growth trend is expected to continue.

Corporatization and Compliance Department

The SECP participated in Corporate Pakistan 2012, conference and exhibition, held at the Lahore International Expo Centre on November 9-11, 2012. The conference and exhibition were organized by the Institute of Cost and Management Accountants of Pakistan (ICMAP) and were endorsed by various prominent companies and regulators including the SECP. The SECP participated in exhibition by securing a place at the exhibition aimed to create whereby, Mr. Nazir Ahmed Shaheen, Executive Director, Corporatization and Compliance Department, delivered a speech highlighting various initiatives the SECP had taken for investors' protection and awareness.

Officers from Company Registration Office, Lahore, were deputed at the exhibition with the provision to incorporate companies on the spot and for investors/stakeholders' education, awareness and information.

Seminar on eServices and corporatization at Multan Chamber of Commerce and Industries

A seminar on eServices and corporatization was organized by the SECP in collaboration with the Multan Chamber of Commerce and Industries (MCCI), on the premises of the MCCI on March 15, 2012. The seminar was aimed at raising awareness about eServices and benefits of corporatization. Mr. Nazir Ahmed Shaheen, Executive Director, CCD, addressed the participants regarding various initiatives and facilitation measures that the SECP had taken recently. The session was well attended by corporate consultants, company representatives and the steps taken by the SECP were appreciated by all participants.



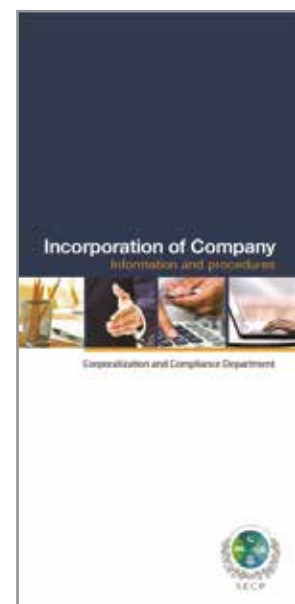
Mr. Nazir Ahmed Shaheen, ED, CCD, addressing a seminar in Multan.



The Lahore CRO officials at the Corporate Pakistan, 2012 exhibition

Publication in focus

The Corporatization and Compliance Department recently published a new brochure regarding information and procedures for incorporation of companies. The new brochure provides concise and comprehensive information for promoters desiring to incorporate their business as limited liability company through offline or online modes of submission. ■ ■ ■



Human Resources and Training Initiatives at the SECP

Achievements of HR and Training Department

- Removal of bell curve and introduction of point distribution method as a new performance management system
- Introduction of promotion procedure for management and officer and staff cadre employees
- Promotion of 36 management cadre and 22 Officers and support staff cadre employees
- Introduction of Voluntary Pension System
- Registration of SECP Employee's welfare Fund
- Streamlining the recruitment procedure
- Ensured timely payments of dues to employees
- Free-of-cost banking facilities for employees of the Commission
- Hassle-free payment of membership fee to ICAP and ICMAP members
- Initiated new medical policy of bill to company

The above mentioned initiatives were well received by the employees of the Commission.

The SECP is a learning organization with a flat structure where the emphasis is on quality, efficiency and goal orientation. Its working environment provides optimal challenge to the employees whereas a sense of responsibility is instilled in them, which provides full freedom of action. It provides a climate where people are encouraged to fully participate in the decision-making process.

The aims of the Human Resources and Training Department (HR&TD) are to:

- Develop the highest caliber people in the right number.
- Ensure corporate culture fostering strong working relationships and competitiveness among the employees.
- Provide a working environment conducive to professional development of employees and providing them with opportunities to build a long term career in the organization.
- Assure an adequate compensation package for employees which ensures full recognition of the individual contribution and competence of every employee.
- Assist in development of positive attitude and opinion of employees towards management.

The HR&TD is entrusted with a variety of activities, particularly to assess the staffing needs of the Commission, undertake recruitment and training of employees;

process employees' transfers, retirements and dismissals, develop and improve personal policies and procedures, coordination with the department/division on the matters of staff development, organize training, manage employee's benefits and compensation, and maintain personal records of employees.

The HR&TD department has been organized into the following wings:

1. Recruitment, Selection and Appraisal Wing:

The functions of this wing are to:

- Advertise jobs, short listing candidates, and conducting tests and interviews;
- Coordinate with head-hunters for executive search;
- Process documents of new and existing employees;
- Negotiate salary and obtain references of new employees;
- Conduct orientation of new employees;
- Advertise internships and manage the interns;
- Develop new HR policies and procedures;
- Maintain personal and professional records of all employees;
- Manage HRIS and processes leave requests, etc;
- Handle employee relations, i.e., separations, contracts, transfers,

postings, settlement of final dues etc;

- Correspond with the ministries and other government agencies regarding HR issues;
- Look after legal cases filed by/against the Commission on matters pertaining to HR;
- Handle various appeals and requests by employees related to their terms and conditions of employment, other grievances etc.; and
- To vet policies, contracts and agreements for HR and Training Department.

2. Compensation, Benefits and Funds Wing

The functions of this wing are to:

- Oversee payroll, increment, bonuses and terminal benefits of employees;
- Process approval of all employee related loans, advances and advance salary;
- Analyze and recommend changes to compensation levels and salary structure;
- Manage SECP Employees Provident Fund, SECP Employees Pension Fund, SECP Employees Gratuity Fund and SECP Staff Welfare Fund in consultation with the trustees of the fund; and
- Facilitate provision of all other benefits approved by the Commission for the employees including in-house medical facility.

3. Training and Organizational Development Wing

The functions of this wing are to:

- Plan and execute various activities for capacity building of the SECP's employees;
- Identify training needs and development of annual training plan through training needs analysis;

- Conduct assessment of various training institutions and their programs;
- Seek nominations and process applications and documents of local and foreign training programs;
- Coordinate with internal and external entities over development and execution of

trainings;

- Gather and keep records of training feedback; and
- Improve employee morale and increase employee retention through various initiatives such as games, events, trainings, gatherings, picnics, etc



The successful organizations are those that are able to quickly turn strategy into action: to manage processes intelligently and efficiently, to maximize employee contribution and commitment; and to create the conditions for seamless change. ULRICH, 1998

The following resources joined the SECP since September:

Employee Name	Designation	Department/Division
Amir Ali Khan	Executive Director	Chairman Secretariat
Naseeruddin Humayun	Director	Investor Education
Khan Mustafa Saleemi	Joint Director	Insurance, Karachi
Muhammad Sajid Gondal	Deputy Director	Media and Corporate Communication
Rana Mustafa Yousaf Khan	Deputy Director	Media and Corporate Communication
Qaiser Imam	Deputy Director	Legislation and General Counsel
Umair Mansoor	Assistant Director	CRO, Lahore
Tassadaq Hanif	Assistant Director	Legislation and General Counsel
Adil Jamal	Assistant Director	Appellate Bench
Faryial Abbasi	Assistant Director	Complaint and Service Centre
Zahra Gandapur	Assistant Director	Media and Corporate Communication
Aoun Abbas Zaidi	Management Executive	Securities Market
Raja Farrukh Ahmad	Management Executive	Legislation and General Counsel
Syed Sabee ul Hassan	Management Executive	Legislation and General Counsel
Tooba Akram	Management Executive	Administration, Islamabad
Ayesha Saddiqua	Management Executive	HR&T, Islamabad
Azka Amin	Management Executive	Transformation and Knowledge Management
Sidra Jamal	Management Executive	HR&T, Islamabad
Ahsan Jamal Pirzada	Management Executive	Appellate Bench
Sardar Sohaib Amin	Management Executive	Insurance, Karachi
Anna Perwaiz	Management Executive	IS&T, Islamabad

The following resources left the SECP on account of retirement/resignation etc.

Employee Name	Designation	Department/Division	Date of leaving
Zareen Akhtar	Executive Officer	CCD, Islamabad	13-Sep-12
Abdul Qadir	Assistant Director	HR&T, Islamabad	16-Sep-12

Performance Management System: Removal of Bell Curve and Introduction/ Implementation of Point Distribution Method

The employees of the Commission had shown serious concerns on the performance management system especially on the implementation of bell curve, as the bell curve system created dissatisfaction among the employees because of the forced rating was applied even if there were more good performers in a department. As the Commission is performing the regulatory functions, therefore, there is a great need to keep the employees highly motivated. Therefore, keeping in view the concerns of the employees and commitment of the Chairman and Commissioners in the town hall meetings, the HR&T Departmental successfully got the approval from the Commission/Policy Board regarding the removal of bell curve and

introduction/implementation of "Points Distribution Method" (PDM).

Under the PDM, a certain number of total points were allocated to the HOD. The total number of points that was allotted to the departments/divisions, based on the strength of the division/department. The proposed percentage based on which total numbers to be allocated is 65% subject to a maximum variation of 5 points per department. The HOD will allocate the points to different wing heads working in the division/department.

The department with smaller number of employees faced problem in assigning an appropriate rating to their high performers, therefore, any department having 3 or fewer employees in NTC or OTC was given special

allowance of 5%, i.e., the total percentage allocated for point calculation was 70%.

Forced ranking used under the bell curve at departmental/divisional level was not mandatory



Promotion of Management, Officer and Support Staff Cadre Employees:

In order to boost the morale of the employees to the optimum level, the HR&T Department devised a new promotion policy and procedure for all employees of the Commission and the same promotion policy and procedure was approved by the Commission.

The promotion committee was comprised of the Chairman and all the Commissioners. The interviews of recommended employees were held on September 10-12, 2012, and accordingly 36 management cadre and 22 officers and support staff cadre employees were promoted to the next scale.

Registration of SECP Employees' Welfare Trust

On the recommendation of the HR&TD, the Commission has achieved another milestone towards betterment of his employees. The SECP Employees' Welfare Trust (SECP EWT) was formally registered to facilitate its employees and to meet their financial needs to foster a more harmonious peaceful and prosperous

working environment.

It was announced by the Chairman in his first town hall meeting that in order to provide systematic financial support to the employees of the Commission, the SECP EWT would be set up. Accordingly, the Commission approved the establishment of the trust. The trust will provide financial support to employees' and their family members, which include parents, spouse and children, in the areas which are not covered under the umbrella of the SECP HR Handbook and Service Manual. For this purpose a sum of one million rupees was contributed by the Commission.

Voluntary Pension System

In continuation of the Commission's commitment to the employees' wellbeing and betterment, the Policy Board on the recommendation of the Commission/HR&TD, graciously approved the Voluntary Pension System for the Management Cadre employees working on NTC and officers and support staff (clerical/non-clerical) employees on OTC.

Paternity Leave

The Policy Board on the recommendation of the Commission/HR&TD approved a five-day

paternity leave for male married employees/fathers at the time of their child's birth.



Implementation of ERP for the HR&TD

The HR&TD is in close liaison with the IS&T Department of Organization Effectiveness Division regarding implementation of Oracle base ERP. All the necessary modalities with the IS&T Department have been finalized. ■ ■

SECP Employees' Welfare Trust

The Commission has created SECP Employees Welfare Trust and has got it registered with relevant government authority. The trust aims at facilitating employees by granting financial assistance to those who are in need. The Commission has approved an initial contribution of one million rupees to the trust.

A Board of Trustees consisting of nine members has been created to manage the affairs of the trust. The board includes two ex officio members and seven other members representing NTC and OTC employees.

The membership of the trust for employees is optional with a further option to either become a beneficiary member or a non-beneficiary member. The members will be required to pay a one-time joining fee and monthly subscriptions.

The income of the trust will be used for granting marriage and funeral grants, educational loans and loans to those employees who are in financial distress.

In addition to this, the Commission was also successful in getting approval from the Policy Board for the introduction of Voluntary Pension Scheme (VPS) for its NTC and OTC employees in pursuit of keeping its employees motivated. Employees opting for the scheme will be required to contribute 10% of their basic salaries. The Commission will contribute a matching amount. The scheme will guarantee regular income with tax benefits to the members after retirement from SECP service.



Waiting Room for Drivers

The SECP drivers work all hours of the day and night, but had no designated waiting area between calls. Through an initiative of the Administration Department, the storage area in parking basement B-2 has been converted into a very comfortable, fully equipped waiting room. The waiting room has also been furnished with sleeper sofas for drivers on late night duty.

The Administration Department under the leadership of Mr. Arshad J. Minhas, Executive Director, Organization Effectiveness Division, has been busy improving the work environment for the SECP employees.

Mr. Tahir Mahmood, Commissioner, Company Law Division, inaugurated the waiting room on October 4, 2012. The photographs for the event can be viewed in our Picture Gallery on our website.

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

1

Public Sector Companies Rules (Corporate Governance) approved by the SECP Policy Board

On January 31 the Public Sector Companies (Corporate Governance) Rules were approved by the SECP Policy Board. The rules are aimed at improving the governance framework of public sector companies (PSCs) in order to bring about greater transparency and plugging the huge losses of public sector enterprises, which are in the range of Rs400 billion per year. The board meeting was chaired by Mr. Wajid Rana, the federal finance secretary. The board consists of the SECP chairman, federal secretaries for finance, law and commerce, and deputy governor, State Bank.

The salient features of the rules are

- The appointment of the board members and CEO will be subject to fit and proper criteria laid down by the SECP. This will include a person's qualifications, experience and business expertise.
- The position of the chairman and CEO are proposed to be separated to achieve an appropriate balance of power, increasing accountability and improving the board's capacity for decision making independent of management.
- The CEO will be appointed on the recommendation of the board of directors. The board will recommend three names and the government will appoint one of them.
- The annual evaluation of directors and CEO will be done as per criteria specified by the SECP and will be submitted to the government.
- The board shall have 40% of its total members as independent directors within two years of the notification of the rules, and majority of independent directors within four years.
- No person shall be elected or nominated as a director of more than five public sector companies, simultaneously, including listed companies.
- The chairman of the board shall preferably be a non-executive director.

3

Task force for better protection of minority shareholders

The Securities and Exchange Commission of Pakistan (SECP) has established a task force to identify weaknesses and gaps in the current protection mechanism for the shareholders of the companies and suggest ways and means to overcome these through shareholder activism.

The decision has come in the light of the prevalent international practices. In Malaysia, Minority Shareholder Watchdog Group (MSWG) or Badan Pengawas Pemegang Saham Minoriti Berhad, was set up in 2000 as a government initiative to be part of a broader capital market framework to bring about awareness and help protect the interests of minority shareholders through shareholder activism.

The MSWG is a professional body licensed under the 2007 Capital Markets and Services Act. It is a self-governing and non-profit body, funded predominantly by the Capital Market Development. It is an important channel for market discipline, encouraging good governance among public listed companies with the objective of raising shareholder value overtime. In the UK, there is an organization called the International Shareholder Services (ISS). It is a leading provider of corporate governance solutions to the global financial community. Its services include objective governance research and analysis, end-to-end proxy voting and distribution solutions.

4

Web discussion forum launched

In order to remain in touch with its stakeholders, on February 1, the SECP launched a web discussion forum. In this way, the stakeholders can give their feedback on various initiatives of the SECP expeditiously. Interactive discussions are also possible through this forum. All stakeholders are requested to get themselves registered to make the most of this facility.

2

SECP to increase its enforcement capacity by 200%

While addressing a press briefing on January 24, the SECP chairman, Mr. Muhammad Ali, said that there is a strong need for strengthening of regulatory environment in Pakistan for the development of a modern corporate sector.

The SECP chairman disclosed that it has been decided to increase the SECP's enforcement capacity by 200%. He said that on-site inspection of all licensed entities including brokers would be conducted annually and offsite monitoring on a quarterly basis. This will increase transparency, investor confidence and foreign portfolio investment.

In the past the SECP took action against defaulters by filing criminal complaints and sometimes referring the cases to the NAB. However, in order to ensure compliance with all the relevant statutory requirements, it is necessary that offsite monitoring and onsite inspections should be regularly conducted for all licenses/licensed entities.

5

SECP, experts for new strategy to combat fraudulent businesses

On January 8, a high level meeting was held at the SECP head office. The representatives of the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, National Accountability Bureau, Federal Investigation Agency, Financial Monitoring Unit and the federal and provincial police departments agreed to devise a comprehensive strategy to combat illegal business activities, including Ponzi and pyramid schemes, carried out by companies and unregistered entities.

"The effects of fraudulent businesses can be devastating, robbing people of their hard-earned money. Through our collective and sincere efforts, we need to create a society that has zero tolerance for fraudulent businesses. In order to achieve this objective, we urgently need to have a new strategy," Mr. Tahir Mahmood, the SECP Commissioner, said on the occasion.



The governance: Role of the company secretary

Tariq Hussain

The company secretary acts as a primary point of contact and source of advice and guidance, particularly for non-executive directors. He/she also

- Facilitates the induction of new directors into the business and defines their roles and responsibilities and assists in the ongoing training and development of directors;
- Keeps under close review all legislative, regulatory and corporate governance developments that might affect the company's operations, and ensuring the board is fully briefed on these and that it has regard to them when taking decisions;
- Ensures, where applicable, that the standards and/or disclosures required by the Code of Corporate Governance annexed to the Listing Reregulation's are observed and, where required, reflected in the Annual Report of the directors;
- Ensures compliance with all legal and regulatory requirements including the continuing obligations of the Listing Rules and all statutory filing requirements;
- Manages the whole process of the annual general meeting and decides, with the board's agreement, the items to be considered at the AGM, including resolutions dealing with governance matters.
- Facilitates minority shareholders when they are contesting the election of directors
- Ensures compliance related to independent directors and appointments of independent directors
- Ensures enhance role of Independent directors in the committees
- Ensures compliance related to new provisions of appointment of head of Internal Audit.
- Ensures compliance related to directors' training programs.
- Ensures compliance with the provision of code related to directors remuneration,
- Ensures enhanced role of Audit Committee related to appointment of statutory auditors

The specific responsibilities of company secretary towards the board are:

He/she must ensure that the procedure for the appointment of directors is properly adhered to and that board members should assist in the proper induction of directors, including assessing the specific training needs of directors/executive management. They need

also to be available to provide comprehensive practical support and guidance to directors both as individuals and as a collective with particular emphasis on supporting the non-executive directors and Independent directors. They should also facilitate the acquisition of information by all board and committee members so that they can maximize their ability to contribute to board meetings, discussions etc. Further to these tasks, they need to assist in the compilation of board papers and to filter them to ensure compliance with the required standards of good governance. It may also be part of the company secretary's role to raise matters which may warrant the attention of the board.

The responsibilities of company secretary towards the company are:

He/she has to ensure compliance with all relevant statutory and regulatory requirements and that due regard is paid to the specific business interests of the company, for example, a manufacturing company may require a different approach from that of a bank or a financial services company or from that of a non-profit entity. They also need to assist in the implementation of corporate strategies by ensuring that the board's decisions and instructions are properly carried out and communicated. Further to this, they should be available to provide a central source of guidance and advice within the company on matters of business ethics and good governance.

Duties as an Officer of the Company

The 1984 Companies Ordinance imposes numerous obligations on companies regarding the conduct of their affairs. Most of these requirements are backed up by criminal sanctions so that in the event of a breach, the company and every officer of it that is in default is liable to a fine and, in some cases, imprisonment. As an officer of the company, the company secretary can be prosecuted for most of these offences, and these potential liabilities form the basis of what we have defined in this document as the core duties.

The basic objective of the law is to make sure that the business is run in a way that reflects sound and prudent management and the management should run the business like a trustee of the shareholders. Business ethics and sound management have raised disturbing questions about the quality of control and supervision of board of directors, auditors, accountability of managing director, chief executive officers, chief finance officers, chief operating officer, corporate secretaries, role of credit rating agencies, financial statement and reporting, norms of rating systems and so on.

The standards of corporate governance were poor during the earlier decades dominated by family business houses and alarming in the case of listed and unlisted companies having family controls. In recent years, there have been innumerable instances of corporate investing in unrelated areas, dabbling in the stock market, diverting funds borrowed from banks and financial institutions, short-term borrowings used to meet long-term commitments etc.

Section 204-A of the 1984 Companies Ordinance states that every listed company and single-member company (SMC) shall have a company secretary. The company secretary is a communicator, facilitator, arbitrator, trainer and advisor to the board, the company's shareholders and the regulatory authorities such as the Company Registration Office (CRO) and Commissioners. The company secretary should be independent in providing advice, suitably qualified and aware of the rights, duties and obligations they owe to each grouping in the company structure.

The Securities and Exchange Commission of Pakistan issued Code of Corporate Governance 2012 on April 10, 2012, directing all stock exchanges to insert the clause of appropriateness in their respective listing regulations immediately, which ultimately enhanced the role of company secretary.

The writer is Director, Insurance at the SECP's Karachi office.

Conducting Effective Financial Investigations

Waseem Ahmad Khan



Introduction

Investigations and other related enforcement activities including examinations, inspections and special audits are potent weapons in the regulatory arsenal of enforcement authorities around the globe. Investigations are made either for detailed examinations or to find out facts. A regulatory authority can effectively accomplish its statutory mandate if it exercises its investigative authority prudently and professionally.

Financial and white-collar crimes have increased tremendously in recent years. Investigators and law enforcement personnel need to be well-equipped to combat such crimes. An investigator shall have the ability to elicit facts from evidences and witnesses in a fair, impartial, lawful and accurate manner.

Investigations' best practices

The Commission exercises its investigative authorities under different laws administered by relevant functional divisions. However, there are certain best practices that may be equally utilized by the officers of the Commission carrying out investigations. Conducting financial investigations is a multi-faceted exercise. A successful investigator is said to be part lawyer, part accountant, part criminologist, and part detective. To be successful, following best practices shall be kept in view by the investigators while performing these diverse roles:

I. Analyzing Documents and Financials

- Forensic examination of documents is a pre-requisite in most investigation cases. Phoney documents may be characterized by signature forgeries, substituted pages, counterfeited documents, ink differences, alterations, etc (ACFE 2009, pp. 3.107-3.108).

- Such examinations may also involve analysis of paper folds and sequence of folds, comparison of torn or cut paper edges, restoration of charred documents, and detection of inserted texts, etc. (ACFE 2009, p. 3.105).
- Financial statement fraud is usually a means to an end rather than an end in itself. When people cook the books, they may be doing it to buy more time to quietly fix business problems.
- Important red flags associated with commonly encountered financial statement misstatements shall be pre-defined for assistance during investigation.
- Nonfinancial measures (NFM), normally presented in directors' report and other narrative reporting instruments, may be used to help detect financial statement fraud. For example, expansion in production facilities, an NFM, shall generally correlate with turnover/revenue growth, being a financial indicator, in the medium- to long-term. Any inconsistent patterns between financial and non-financial measures may be used to detect irregularities.

II. Collecting Evidence and Recording Witnesses

- Evidence may be direct or circumstantial. While the former shows prima facie the facts at issue, the latter indirectly shows culpability of the alleged violation or offence (ACFE 2009, p. 2.902).
- Investigators shall be well aware of the rules of evidence. A number of cases fit for prosecution couldn't stand in the court of law due to improperly obtained evidence.
- The physical/documentary evidence shall be properly secured. Only copies of documents should be used for marking, not originals

(ACFE 2009, p. 3.101).

- The proceedings of hearings held/interviews conducted shall be properly recorded and maintained, whether onsite or offsite. Such proceedings shall be transcribed forthwith. The possibility of electronic note-taking through tape-recording can be explored, since a large portion of proceedings during hearings generally went unrecorded manually.

III. Utilizing Data Analysis and Case Reporting Tools

- Regulatory and law enforcement agencies (LEAs) around the globe are utilizing latest data analysis and reporting software tools to enable them cope with complex and multidisciplinary aspects involving financial investigations.
- A number of computer programs, traditionally called Computer Assisted Auditing Techniques (CAATs), have been developed to assist the investigator to sift through heaps of information.
- These tools help identify red flags, enable effective data mining as well as advanced data manipulation and analysis, reporting and case management. Many such tools are available in the market from which to choose (ACFE 2009, pp. 3.601-3.653). For example:
 - o ACL for Windows - a data analysis, audit and reporting software that keeps original data intact.
 - o Active Data for Excel -An add-in that makes highly technical operations in Excel easily understandable and manageable.
 - o Monarch for Windows -transforms electronic reports generated by other programs into text files, spreadsheets or database tables.

- o i2 Analyst's Notebook –a powerful professional visualization and analysis tool
- o CaseMap - A database product used to organize information about the facts, cast of characters, and issues and questions in any investigation.

IV. Conducting Covert Operations

- A covert operation is designed to obtain evidence by use of resources whose true



- role is undisclosed to the target.
- A major category of covert operations include surveillance operations, which uses the skills of observation to determine the activity of individuals, and to gather actionable information/evidence (ACFE 2009, p. 3.301).
- Covert operations may be used as a last resort, and only after other formal/statutorily defined means of obtaining information are exhausted.
- In actual practice, companies undertaking illegal business activities or inciting innocent investors through, for example, lucrative Ponzi/MLM schemes can be visited as potential customers to gather material, actionable information. However, the admissibility of evidence in the courts obtained through such means need to be assessed.

V. Utilizing Computer Forensics

- Computer forensics is an investigative discipline that includes the preservation, identification, extraction, and documentation of computer hardware and data for evidentiary purposes and root cause analysis. Computer forensic activities help establish and maintain a continuing chain of custody, which is critical in determining admissibility of

evidence in courts.

• Notable computer forensic activities include

- o Recovering deleted e-mails.
- o Monitoring e-mails for indicators of potential fraud.
- o Performing investigations after terminations of employment.
- o Recovering evidence after formatting a hard drive.

VI. Reporting Results of Investigation (ACFE 2009)

- A well-written investigation report can alone win or lose a case in a court of law. It conveys to the litigator necessary evidence and provides credibility to the investigation conducted.
- Convey only the facts without editorializing or giving judgments.
- Avoid using jargons, and use complex or technical terms in their proper contexts.
- Never express an opinion on the guilt or innocence of the entity/person being probed. Your primary focus shall be on fact finding and evidence collection based on the ToRs of investigation. Leave the decision to the adjudicating authority.

VII. Other Do's and Don'ts of Investigations (SEC, USA)

Selected Investigation softwares/CAATs		
Type	Vendor	URL
Spreadsheet		
Active Data	Information Archive	www.informationactive.com
Active Audit	Information Archive	www.informationactive.com
Excel -> AutoFilter	Excel	www.microsoft.com
Database		
Access	Microsoft	www.microsoft.com
Statistical Software		
SAS	SAS Institute Inc.	www.sas.com
SPSS	SPSS Inc.	www.spss.com
Data Mining Software		
ACL	ACL Services Ltd.	www.acl.com
IDEA	Audimation Services Inc.	www.audimation.com
PanAudit	Computer Association (CA)	www.ca.com
Monarch	Datawatch	www.datawatch.com

- Maintain a timeline/chronology of events and update it regularly. It is a must in large and complex cases, and enables better case management.
- Try to dispose of the case within a reasonable period. Never fall in love with your case!
- Consider 'follow the money' approach. Since the prima facie consideration in most investigation cases is of a financial nature, this approach is worth consideration, and the trail normally leads to the suspect.
- Begin and proceed with all your cases with the assumption that they will end up in litigation. This will enable you to properly obtain and maintain actionable evidence and elicit witnesses when needed.
- Always keep an eye on the ball and never lose

track of the objective behind the investigation exercise. The investigator always tries to prove or disprove something, instead of mere collecting information.

Recommendations

- The Commission may invest in necessary IT infrastructure to equip its investigating officers with the necessary data analysis and case reporting/management software, and get the officers trained in using such softwares for effective utilization.
- Investigations are the weakest link in the whole enforcement process. Capacity building and training in the areas of evidence collection, interviewing suspects,

Computer forensic activities help establish and maintain a continuing chain of custody, which is critical in determining admissibility of evidence in courts.

computer forensics, etc. may also be carried out.

- A number of enforcement cases entail involvement of different departments. A corporate intranet blog may be launched to enable the enforcement people share and obtain feedback on enforcement initiatives amongst the concerned departments, and on other issues of mutual interest.
- Necessary coordination may be enhanced with other regulatory authorities and LEAs, locally as well as internationally, to share material and actionable information needed for effective investigations and other enforcement actions.

Sources

1. Fraud Examiners' Manual, International Edition, 2009, Association of Certified Fraud Examiners (ACFE), USA
2. Financial Investigations and Forensic Accounting, Third Edition, 2006, Tommie Singleton et al.
3. Training material on "Securities Market Enforcement Program" conducted at the SECP in 2008 by SEC, USA ■ ■

The writer is a joint registrar in the Corporatization and Compliance Department. He is a CFE and member, Advisory Council, Association of Certified Fraud Examiners, USA.

H A P P E N I N G S

Mr. Muhammad Ali, Chairman SECP, presenting a memento to the President, His Excellency Mr. Asif Ali Zardari at the marking of "Demutualization and Corporatization of the Stock Exchanges" on December 19, 2012.



The SECP Chairman and Commissioners with Mr. Justice Umar Ata Bandial, Chief Justice, Lahore High Court, after symposium organized by SECP and Punjab Judicial Academy.



Mr. Muhammad Ali, Chairman, Securities and Exchange Commission of Pakistan, speaking at the "World Economic Forum on India 2012" at Gurgaon, India.



The SECP Chairman with a group of senior economic journalists after the conclusion of Journalists' Training Workshop in Islamabad.

میں جدت لانے کے لیے اصلاحات کا سلسلہ شروع کیا ہے تاکہ کمپنیاں جدید دور کی ضروریات کے مطابق کاروبار کو توسیع دے سکیں۔

کارپوریٹ لاء اینڈ ریویو کمیشن پاکستان میں کاروباری اداروں کی مکمل کارپوریٹائزیشن کے لیے ایک نئے، مزید مستحکم کارپوریٹ لاء کی ضرورت ہے جس کے تحت تمام کاروباری اداروں اور کمپنیوں کے لیے انضباطی دستاویزات مکمل کرنا اور دیگر قواعد و ضوابط پورے کرنا آسان ہو اور وہ بغیر کسی رکاوٹ اور مشکل کے کاروبار کر سکیں۔ انضباطی قوانین کو مزید موثر اور آسان بنانے کے مقصد کے تحت ایس ای سی پی نے ایک ٹاسک فورس تشکیل دی ہے۔ اس ٹاسک فورس کو کارپوریٹ لاء اینڈ ریویو کمیشن کا نام دیا گیا ہے جو کہ ترقی یافتہ ممالک میں نافذ انضباطی قوانین، عالمی تجربات، اور مقامی کاروباری اداروں کی ضروریات کو مد نظر رکھتے ہوئے ایک نیا کارپوریٹ لاء تشکیل دے رہا ہے۔ کارپوریٹ لاء اینڈ ریویو کمیشن نے قانون کا مسودہ جلد مکمل کر لے گا جس کے بعد قانون کے نئے مسودے کو شراکت داروں اور عوام کی رائے جاننے کے لیے پیش کر دیا جائے گا۔ امید کی جا رہی ہے کہ کارپوریٹ سیکٹر کے لیے نیا قانون پاکستان کے کارپوریٹ سیکٹر کو جدید دنیا کے معیارات سے ہم آہنگ کر دے گا۔

کارپوریٹ ریویو کمیشن کے علاوہ، دیگر دوسرے قوانین اور ریگولیشن میں اصلاحات کی غرض سے قوانین کے مختلف مسودہ جات پارلیمنٹ میں منظوری کے مختلف مراحل میں ہیں۔ سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان بل (Securities and Exchange Commission of Pakistan Act 2012) گزشتہ سال جون میں پارلیمنٹ میں منظوری کے لیے پیش کر دیا گیا تھا۔ یہ ترمیمی بل ایس ای سی پی کے انضباطی ڈھانچے کو مضبوط بناتا ہے اور اس نئے قانون میں انفرسٹرکچر کے بہتر فنکشن کے لیے اختیارات میں اضافہ کیا گیا ہے۔ اسی طرح پاکستان کی سیکورٹی مارکیٹ میں اصلاحات متعارف کروانے کے پیش نظر سیکورٹیز بل کا مسودہ بھی اکتوبر 2011 میں پارلیمنٹ کی منظوری کے لیے پیش کیا جا چکا ہے۔

سیکورٹیز اینڈ ایکس چینج کمیشن کی جانب سے تیار کیے گئے نئے قوانین کے مسودے ایک ماڈرن ریگولیٹری اتھارٹی کے تقاضوں کے عین مطابق ہیں۔ ان نئے قوانین میں سرمایہ کاروں کا اعتماد بحال کرنے کے لیے متعدد اقدامات تجویز کیے گئے ہیں۔ کارپوریٹ سیکٹر اور کینیٹل مارکیٹ میں ہونے والی بے ضابطگیوں کا احاطہ کرنے کے لیے بھی موثر سفارشات ترتیب دی گئیں ہیں۔ پارلیمنٹ سے منظوری کے بعد یہ قوانین پاکستان کے کارپوریٹ سیکٹر میں انقلاب برپا کرنے کی صلاحیت رکھتے ہیں۔ ■ ■



گئیں۔ ان اصلاحات کے ذریعے کارپوریٹ ٹیکس میں موجود پیچیدگیاں ختم کی گئیں، دوہرے ٹیکس کو ختم کیا گیا اور تمام شراکت داروں (Stakeholders) کے لیے ایک جیسا نظام وضع کیا گیا۔ شک مارکیٹ میں نئی کمپنیوں کو حوصلہ افزائی کے لیے ایک سال کے لیے 15 فیصد ٹیکس چھوٹ دی گئی۔ مضاربہ سٹیکھولڈرز میں سرمایہ کاری پر کینیٹل ویلیو ٹیکس کی چھوٹ دی گئی، رضا کارانہ پشٹن سیکم میں سرمایہ کاری پر بھی ٹیکس چھوٹ دی گئی۔

موثر اور شفاف خدمات کی فراہمی کے لیے ای۔سروس پراجیکٹ پہلے ہی متعارف کروا دیا گیا ہے۔ یہ لیکشراکٹ سروس، کمپنیوں اور سرمایہ کاروں کو انٹرنیٹ کے ذریعے ضروری انضباطی دستاویزات جمع کروانے کی سہولت فراہم کرتی ہے۔ کاروباری شعبہ کی سہولت کے لیے ایس ای سی پی مختلف سیمین اور پروگرام متعارف کرواتا رہتا ہے۔ حال ہی میں ایسی دو سیمین متعارف کی گئیں

ڈی میوچلٹرائزیشن کے کامیاب عمل کے بعد اسٹاک ایکس چینج غیر منافع بخش باہمی ملکیتی اداروں سے ماکانہ حقوق کے ساتھ منافع بخش ادارے بن گئی ہیں

ان اقدامات اور دیگر اصلاحات کے اعتراف میں ورلڈ اکنامک فورم نے Global Competitiveness Report 2012/13 میں ایس ای سی پی کی رینٹنگ کو بہتر کرتے ہوئے 15 پوائنٹ کا اضافہ کیا اور ایس ای سی پی دنیا میں بہترین کارکردگی کا مظاہرہ کرنے والے اداروں میں 55 ویں نمبر پر آ گیا جو کہ گزشتہ برس 70 نمبر پر تھا۔ اسی سال مئی میں ایس ای سی پی کے چیئرمین کو سیکورٹی کمیشن کی عالمی تنظیم کے ایگزیکٹو بورڈ کا رکن بھی منتخب کیا گیا اس طرح پاکستان 182 رکن ممالک کی اس عالمی تنظیم میں ترقی پذیر ممالک کی ترقیاتی کر سکا۔

ریگولیٹری قوانین میں اصلاحات کا عمل

بدلتے وقت کے تقاضوں کے مطابق قانونی اصلاحات ایک ضروری عمل ہے۔ ایس ای سی پی نے بھی جدید دور کی ضروریات کے مطابق کارپوریٹ سیکٹر کو ریگولیٹری فریم ورک مہیا کرنے کے لیے اپنے انضباطی فریم ورک

کمپنیز ریگولائزیشن سکیم یہ سکیم ایسی رجسٹرڈ کمپنیوں کے لیے تھی جو کہ انضباطی دستاویزات وقت پر جمع کروانے میں ناکام رہی ہوں اور ڈیفالٹ کر گئی ہوں، ایسی کمپنیاں جرمانہ ادا کیے بغیر صرف مقررہ فیس ادا کر کے اپنے گزشتہ سالانہ گوشوارے اور دیگر انضباطی دستاویزات جمع کروا کر بحال ہو سکتی ہیں۔

ایزی ایگزٹ سکیم ان کمپنیوں کے لیے ہے جو کہ اپنا کاروبار بند کرنا چاہتی تھیں۔ اس سکیم کے تحت کاروبار ختم کر دینے والی کمپنیاں معمولی فیس ادا کر کے ایس ای سی پی سے اپنی رجسٹریشن ختم کروا سکتی تھیں۔ ان دونوں سہولتوں سے کم و بیش پینتیس سو کمپنیوں نے استفادہ کیا۔ ٹیکس اصلاحات: ایس ای سی پی نے ایف بی آر کے ساتھ مل کر پاکستان کے کارپوریٹ سیکٹر، کینیٹل مارکیٹ اور نان بینکنگ فنانشل سیکٹر کے لیے موجود ٹیکس نظام میں اصلاحات کا عمل شروع کیا اور بالآخر یہ ٹیکس اصلاحات فنانس بل 2012ء کے ذریعے نافذ کر دی

تشکیل دیا ہے، جو کہ پاکستان میں مائیکرو انشورنس فروغ کے لیے بین الاقوامی تجربات کی روشنی میں ریگولیٹری فریم ورک قائم کرنے کے لیے تجاویز مرتب کرے گا۔ تعمیر مائیکرو فنانس بینک کے صدر ندیم حسین کی سربراہی میں قائم ورکنگ گروپ دیگر ممالک میں مائیکرو انشورنس کے لیے موجود انضباطی ڈھانچوں کا تجزیہ کر کے ایک ایسا انضباطی نظام قائم کرنے کی تجاویز دے گا جس سے ملک میں انشورنس کے کاروبار کو فروغ حاصل ہو۔

سرمایہ کاروں کی معلومات تک آسان رسائی ایس ای سی پی نے تمام لیکڈ کمپنیوں کے لئے مئی 2012 اور نان لیکڈ کمپنیوں، جن کا ادا شدہ سرمایہ 20 کروڑ روپے یا اس سے زائد ہے، کو ہدایت کی تھی کہ یکم جنوری 2013ء سے پہلے پہلے کمپنی کی ویب سائٹ بنوائیں، جس پر کمپنی کے حوالے سے تمام ضروری معلومات دستیاب ہوں۔ اس فیصلے کا مقصد سرمایہ کاروں، شراکت داروں اور عوام الناس تک کمپنی کے حوالے سے درست معلومات کی رسائی ممکن بنانا ہے۔

ریٹیل اسٹیٹ انوسٹمنٹ ٹرسٹ کے قوانین میں اصلاحات: پاکستان میں رہائش کے بڑھتے ہوئے مسئلے کے حل کے لیے ریٹیل اسٹیٹ سیکٹر میں سرمایہ کاری بہت ضروری ہے۔ اسی مقصد کے پیش نظر ایس ای سی پی نے چند برس پہلے ریٹیل اسٹیٹ انوسٹمنٹ ٹرسٹ (REIT) قائم کرنے کے لیے قوانین کا اجرا کیا تھا لیکن REITs سرمایہ کاروں کی توجہ حاصل نہ کر سکے۔ REITs میں

سرمایہ کاری آسان بنانے اور سرمایہ کاری میں اضافے کے لیے ان قوانین کو مارکیٹ کے تقاضوں سے ہم آہنگ کرنے کے ضرورت تھی۔ اسی مقصد کے پیش نظر ایس ای سی پی نے ریٹیل اسٹیٹ انوسٹمنٹ ٹرسٹ کے قانون میں اصلاحات متعارف کروانے کے لیے ایک کمیشن تشکیل دیا ہے۔ یہ ریویو کمیشن رواں مالی سال کے آخر تک اس شعبے میں سرمایہ کاری کے فروغ کے لیے اپنی سفارشات ایس ای سی پی کو پیش کر دے گا۔

ایلیٹراکٹ ڈیویڈنڈ اور ای۔ویٹنگ کی سہولت

نیشنل کلیئرنگ کمپنی اور سنٹرل ڈیپوزٹری کے تعاون سے ایس ای سی پی سرمایہ داروں اور شراکت داروں کے مابین منافع کے تقسیم کے عمل کو مکمل طور پر کمپیوٹرائز کرنے کے منصوبے پر کام کر رہا ہے۔ اسکے ساتھ ہی ایسا نظام بھی وضع کیا جا رہا ہے جس کے تحت کمپنی کے شراکت دار کمپنی کے اجلاس میں انٹرنیٹ کی سہولت استعمال کرتے ہوئے اپنے ووٹ کا حق استعمال کر سکیں گے۔ سرمایہ کاروں کو



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 متحرک مہیا کرے“



کارپوریٹ سیکٹر کے فروغ کے لئے SECP کے اقدامات

مشکل ہوتا ہے۔ چھوٹی کمپنیوں کی اس مشکل کو دور کرنے کے لیے اور ان کے کاروبار کی توسیع کے لیے سرمائے کی آسان فراہمی ممکن بنانے کے لیے ایس ای سی پی ملک کی تینوں اسٹاک ایکس چینجز کے ساتھ مل کر سال اینڈ میڈیم انٹر پرائز اسٹاک ایکس چینج متعارف کروانے پر کام کر رہا ہے۔ ان سے اسٹاک ایکس چینج میں چھوٹی کمپنیاں اپنے کاروباری منصوبے بکسر آئیں گی اور متوقع سرمایہ کاروں سے سرمایہ حاصل کر سکیں گی۔

محافل کے شعبے میں نئے ریگولیشن

محافل یعنی اسلامی انشورنس کے شعبے کے لیے علماء اور قانونی ماہرین کی مشاورت سے نئے ریگولیشن جولائی 2012 میں متعارف کر گئے۔ اس سے پہلے محافل کے پرانے 2005 والے قواعد لاگو تھے اور انشورنس کے شعبہ کی جانب سے ان میں جدت لانے کی ضرورت محسوس کی جا رہی تھی۔ نئے ریگولیشن میں جنرل انشورنس کمپنیوں کو بھی محافل سکیمس متعارف کرنے کی اجازت دے دی گئی۔

مائیکرو انشورنس کے لیے ریگولیٹری فریم ورک

پاکستان میں مائیکرو انشورنس کے شعبے میں ترقی کی رفتار بہت سست رہی ہے۔ ایس ای سی پی نے مائیکرو انشورنس کو جدید خطوط پر استوار کرنے کے لیے ایک ورکنگ گروپ

آف کارپوریٹ گورننس (Code of Corporate Governance) متعارف کروایا۔ نئے قواعد کے مطابق لسٹڈ (Listed) کمپنیوں کو ادارے کا نظم و نسق چلانے کے بین الاقوامی معیارات پر عمل کرنا ہو گا اور ادارے میں شفافیت کے لیے زیادہ سے زیادہ معلومات تک سرمایہ کاروں کی رسائی آسان بنانا ہوگی۔

انٹرنیٹ لائڈ رنگ فریم ورک

ایس ای سی پی نے انٹرنیٹ لائڈ رنگ اور اسٹاک مارکیٹ کے ذریعے دہشت گردی کے لیے ممکنہ فنانسنگ کی روک تھام کے لیے ایک فریم ورک متعارف کروایا ہے۔ اس فریم ورک کے مطابق اسٹاک مارکیٹ کے بروکرز کے لیے نئے سرمایہ کاروں کی رجسٹریشن کرتے وقت انکی مکمل شناخت کے تمام ضروری دستاویزات اسٹاک مارکیٹ کی انتظامیہ کو جمع کروانا لازمی ہے۔ اس حوالے سے کراچی اسٹاک مارکیٹ کی ریگولیشن میں ضروری ترامیم کر دی گئیں ہیں اور تمام بروکرز کے لیے ان ہدایات کا گائیڈ لائنز (Guidelines) پر عمل کرنا ضروری ہے۔

سال اینڈ میڈیم انٹر پرائز اسٹاک ایکسچینج

پاکستان میں چھوٹی کاروباری کمپنیوں کی تعداد تین لاکھ سے زائد ہے لیکن ان چھوٹی کمپنیوں کے لیے سرمایہ کا حصول بہت

اسٹاک ایکس چینجز (کارپوریٹیشن، ڈی میو چلائزیشن اور انٹرنیٹ گریٹنگ) ایکٹ 2012ء نافذ کر دیا گیا۔ اس قانون کے نفاذ کے ساتھ ہی کارپوریٹیشن اور ڈی میو چلائزیشن کا عمل شروع کر دیا گیا اور 27 اگست 2012ء کے تاریخی دن پاکستان کی تینوں اسٹاک مارکیٹیں ڈی میو چلائز کر دی گئیں۔ ڈی میو چلائزیشن کے کامیاب عمل کے بعد اسٹاک ایکس چینجز غیر منافع بخش باہمی ملکیتی اداروں سے مالکانہ حقوق کے ساتھ منافع بخش ادارے بن گئی ہیں۔ اس تبدیلی سے پاکستان کی کیپیٹل مارکیٹ کی بین الاقوامی سرمایہ کاروں تک رسائی آسان ہو گئی ہے۔ پاکستان کی اسٹاک مارکیٹ اب دوسری بین الاقوامی اسٹاک ایکس چینجز کیساتھ سٹریٹجک انوسٹمنٹ کے فوائد حاصل کر سکتی ہے اور جدید ترین ٹیکنالوجی کا استعمال بھی ممکن ہے۔ امید ہے ڈی میو چلائزیشن سے پاکستان میں سرمایہ کاری کے بہتر مواقع پیدا ہوں گے اور کارپوریٹ سیکٹر میں مسابقتی ماحول پروان چڑھے گا۔

کارپوریٹ سیکٹر میں نظم و نسق کے نئے قواعد

سرمایہ کاروں کے اعتماد میں اضافے کے لیے کارپوریٹ اداروں میں بہترین نظم و نسق اور شفافیت انتہائی اہم ہیں۔ اسی مقصد کے پیش نظر ایس ای سی پی نے اپریل 2012ء میں کارپوریٹ سیکٹر کے لیے ترمیم شدہ کوڈ

عالمی معیشت اب 2008 سے شروع ہونے والے مالیاتی بحران سے تقریباً باہر آ چکی ہے۔ امریکہ سے شروع ہونے والے اس مالیاتی بحران نے یورپ اور دیگر ترقی یافتہ ممالک کو بھی اپنی لپیٹ میں لے لیا تھا۔ اس مالیاتی بحران نے دنیا کو یہ سبق دیا کہ موثر ریگولیشن کے ذریعے ہی سرمایہ کاری کو محفوظ اور مالیاتی نظام کو مضبوط بنایا جاسکتا ہے۔ اس بحران سے جنم لینے والے سوالات کی روشنی میں ایس ای سی پی نے اپنے اپنے ریگولیٹری فریم ورک کو مزید موثر، سرمایہ کاری کو محفوظ بنانے اور طویل المدتی سرمایہ کاری کے مواقع پیدا کرنے کے لیے متعدد اقدامات کئے۔ اسی عرصے میں ڈی میو چلائزیشن کے عمل کو پایہ تکمیل تک پہنچایا گیا کارپوریٹ سیکٹر اور پبلک سیکٹر کی کارپوریٹیشنز کے لیے گورننس کے نئے قواعد جاری کیے گئے، بیمہ کاری کے فروغ کے لئے نئے انضباطی قواعد جاری کیے گئے۔ ایس ای سی پی کے انتظامی معاملات اور انفورمنس کو بہتر اور شفاف بنانے کے لئے manuals جاری کیے گئے۔ اس سلسلے میں کیے گئے چند اہم اقدامات مندرجہ ذیل ہیں۔

اسٹاک مارکیٹ کی ڈی میو چلائزیشن

پاکستان کی کیپیٹل مارکیٹ عالمی معیار کے مطابق ترقی دینے اور سرمایہ کاری کو فروغ دینے کے لیے 7 مئی 2012 کو