

CORPORATE PULSE

AUGUST, 2020

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Securities and Exchange
Commission of Pakistan (Anti
Money Laundering and Countering
Financing of Terrorism)
Regulations, 2018


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AN INITIATIVE TO PRESENT MONTHLY AMENDMENTS IN CORPORATE
LAWS AND RELATED REGULATIONS IN SUMMARY FORM TO KEEP
OUR READERS UPDATED ABOUT THE CHANGING REGULATORY
ENVIRONMENT

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The Securities and Exchange Commission of Pakistan (SECP) has issued the following guidelines to facilitate e-filing of mandatory forms under the AML/CFT regulations:

Issuance of Guidelines by the SECP

- Step by Step User Guide for Filing AML Quarterly Survey
The guideline can be accessed using the following link: <https://www.secp.gov.pk/document/user-guideline-for-online-filing-of-aml-quarterly-survey/?wpdmdl=39880&refresh=5f5deeb70ba471599991479>
- User-Guide for Filing Online Annual AML/CFT Risk Assessment by Regulated Entities
The guideline can be accessed using the following link: <https://www.secp.gov.pk/document/user-gudieline-for-online-filing-of-annual-amlcft-risk-assessment-by-res/?wpdmdl=39881&refresh=5f5deec5abf511599991493>

Major Development Delegation of Powers to Commissioner (Insurance) and the Officers of Insurance Division

The SECP has delegated multiple powers to the Commissioner (Insurance) and the Officers of Insurance Division - to the extent of insurance companies, insurance brokers, Insurance surveyors and third party administrators only, whether listed or not. The S.R.O. 1468(I)/2019 dated November 27, 2019 hereby stands suppressed post this amendment.

The detailed list of powers delegated vide this SRO 744(1)/2020 can be accessed using the link <https://www.secp.gov.pk/document/sro-744-i-2020-delegation-of-powers-insurance/?wpdmdl=39969&refresh=5f5dede366eb11599991267>

The SRO has also clarified the following:

- In case of vacancy or unavailability of Executive Director/Director/Head of Department (Market Development Policy and Regulation Department - Insurance Division) and Executive Director/Director/Head of Department (Supervision Department – Insurance Division) the powers and functions delegated to him/her through this notification shall stand delegated to the Commissioner (Market Development Policy and Regulation Department - Insurance Division) and Commissioner (Supervision Department – Insurance Division).
- All actions taken or done under or in pursuance of the above referred superseded notifications, shall be valid and under lawful authority.

Any pending proceeding under the superseded notifications shall stand transferred to the delegated authority, as provided in this notification forthwith, who shall proceed with the matter as it stands prior to coming into effect of this notification.

The SECP has also issued the following draft amendments during the month of August 2020 and has invited public comments in this regard:

1. Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 vide S.R.O.701(I)/2020. The major changes proposed in the draft are as follows:
 - a. Modification of the definition of “investment advisory services”, the proposed definition is as follows:
 - b. “investment advisory services” means the services provided for managing:
 - i. discretionary or non-discretionary portfolios for both individual and institutional clients; and
 - ii. listed and traded Collective Investment Schemes, and include the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling of securities, for remuneration;”
 - c. Non Deposit Lending NBFCs have been proposed to be allowed the issuance of licence of private equity and venture capital fund management services, subject to the condition that the private equity and venture capital fund management services licence shall complement their existing licensed form of business
 - d. In order to facilitate start-ups in the fintech field, it has been proposed that requirement to obtain license shall be relaxed for conducting limited scale live tests of Non-Banking Finance Company related innovative fintech products, services, processes and/or business models in a controlled environment for a limited period of time subject to such conditions as may be notified by the Commission.
 - e. It has been proposed that it shall be made mandatory to seek approval from the Commission before holding or becoming beneficial owner of ten percent or more shares of an NBFC.

The complete text of the proposed amendments can be accessed using the link: <https://www.secp.gov.pk/document/notification-draft-amendments-in-non-banking-finance-companies-establishment-and-regulations-rules-2003/?wpdmdl=39866&refresh=5f5dedf6e6d461599991286>

2. Securities and Futures Advisers (Licensing and Operations) Regulations, 2017 – S.R.O.647(I)/2020

The complete text of the draft proposed amendments can be accessed using the link: <https://www.secp.gov.pk/document/sro-647-draft-amendments-to-the-securities-and-futures-advisers-licensing-and-operations-regulations-2017/?wpdmdl=39826&refresh=5f5dedf97e8ef1599991289>

Issuance of Draft Amendments

- ✓ Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003
- ✓ Securities and Futures Advisers (Licensing and Operations) Regulations, 2017