



Dec 2019

# PICG ADVISORY UPDATE- 30



## The Update

Corporate governance refers to the way in which corporations are directed, administered, and controlled. It is concerned with both the relationship between internal and external stakeholders as well as the governance processes designed to help a corporation achieve its goals. Good corporate governance contributes to sustainable economic development by enhancing the performance of companies as well as striking a balance between both economic and social goals and between individual and communal goals.

Compliance with applicable laws and regulations is fundamental to good governance. PICG's Advisory Update, therefore, aims at keeping our members updated with regards to the latest local and international governance-related changes to regulations, practices and corporate reporting.

The Update consists of a Summary Table (with links to relevant information) followed by a Synopsis of the changes. Further, a "special feature" pertaining to updates on matters dealing with curbing terror financing is included and will be included in future updates as and when we receive significant news.

### A. Summary Table

#### Pakistan

Sr #	By	Reference	Date	Topic / Update link
<b>1. Research</b>				
i	PICG	Press release	Dec 12, 2019	<a href="#">PICG's Survey Report on Corporate Governance Practices in Pakistan 2019</a>
<b>2. Regulations/ Rules issued</b>				
i	SECP	S.R.O.1642 (I)/2019	Dec 30, 2019	<a href="#">Draft amendments to the Non-Banking Finance Companies and Notified Entities Regulations, 2008</a>
ii	SBP	BPRD Circular No. 10 of 2019	Dec 30, 2019	<a href="#">Revision to Branchless Banking Regulations for Financial Institutions</a>
iii	SECP	S.R.O.1619 (I)/2019	Dec 26, 2019	<a href="#">Amendments in the Public Offering Regulations, 2017</a>
<b>3. Guidelines &amp; Circulars</b>				
i	SBP	BPRD Circular No. 09 of 2019	Dec 30, 2019	<a href="#">Updated Guidelines on Compliance of GoP's Notifications issued under UNSC's Resolutions</a>
ii	SBP	BPRD Circular No. 08 of 2019	Dec 30, 2019	<a href="#">Updated Anti-Money Laundering and Combating the Financing of Terrorism Guidelines on Risk Based Approach for Banks/DFIs/MFBs</a>

iii	SBP	AC&MFD Circular No. 04 of 2019	Dec 30, 2019	<a href="#">Compliance of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Regime for MFBs</a>
iv	SBP	AC&MFD Circular No. 03 of 2019	Dec 30, 2019	<a href="#">Amendments in AML/CFT Regulations for Microfinance Banks</a>
v	SBP	AC&MFD Circular Letter No. 04 of 2019	Dec 30, 2019	<a href="#">Fit &amp; Proper Test (Criteria) for Microfinance Banks</a>
vi	SECP	Guideline	Dec 11, 2019	<a href="#">Financial Service Industry Innovation- SECP's Regulatory Sandbox Guidelines, 2019</a>
vii	SECP	Circular 16 of 2019	Dec 5, 2019	<a href="#">Donations from Foreign Sources without permission for Sec 42 Companies (Charitable and Not for Profit Objects)</a>

## International

Topic	Links
Financial Reporting Councils (FRCs) Practice Aid for Evaluating Audit Quality Updated	<a href="#">Audit Quality Practice Aid for Audit Committees</a>
Grant Thornton Report on Transparency, trust and the benefits of good reporting	<a href="#">Corporate Governance Review 2019</a>
OECD & UNDP report on trends related to mainstreaming effective development co-operation	<a href="#">Global Partnership for Effective Development Co-operation 2019 Progress Report</a>

## B. Synopsis of changes

### Pakistan

#### 1. Research

##### **Launch of PICG’s Survey on Corporate Governance Practices in Pakistan 2019**

Pakistan Institute of Corporate Governance (PICG) launched its Report on “Corporate Governance Practices in Pakistan 2019” on December 12, 2019. The report is based on a survey on Board Composition, Practices and Remuneration that was conducted by its Research Team for companies in Pakistan. The Chairman of SECP’s Policy Board , Mr. Khalid Mirza was the chief guest at the event, and the CEO of PICG, Ms. Sadia Khan, shared an overview of the survey findings with the audience.



The event was also attended by prominent members of the nations’ corporate sector including members of the PICG board, faculty and members of the organization. A panel discussion was conducted where Ms. Maheen Rahman, Ms. Aminah Zahid Zaheer, Mr. Asad A. Shah and Mr. Asad Jafar discussed emerging trends in the local corporate space whilst being moderated by Mr. Khalid Mirza.

Dr. Shamshad Akhtar, Chairperson Sui Sothern Gas Company Limited and former Governor State Bank of Pakistan and Intern Finance Minister shared her past experiences as a regulator. The Chairman of PICG, Mr. Riyaz T. Chinoy, gave closing remarks at the event.

The study is a follow up to the previous survey on the topic conducted in 2016, with the aim of obtaining a better understanding of the current state of board practices in Pakistan, the needs and challenges faced by boards with regard to corporate governance and to provide valuable insights to identify possible areas of improvement. It covers areas from composition of the board, changes to board structure, diversity, meetings of the board and its committees, remuneration practices, technology, social responsibility, etc of boards across Pakistan. Furthermore, the survey aims to set a direction of dialogue between companies and investors that helps to bridge the perception gap, and present the disclosure of significant non-financial information.

The survey launch was followed by a celebratory lunch to coincide with PICGs 15 year anniversary.

If you wish to obtain a copy of the survey, (available either individually or in the form of a board pack) you may order using the link: <https://lnkd.in/fNEB4jR>)



## 2. Regulations/ Rules issued

Various regulatory requirements have been notified by the Securities and Exchange Commission of Pakistan (SECP) from time to time to streamline procedures and improve governance processes of companies in Pakistan. As regulations have to evolve over time to facilitate the ease of doing business and account for changes in the overall corporate environment in the country, SECP has made/ proposed a number of changes over the past month, some of which have been summarized below:

### a. Final Regulations/ Rules issued

Sr. no	Name	Description
1	Revision to Branchless Banking Regulations for Financial Institutions	<p>SBP has decided to revise existing Branchless Banking (BB) Regulations in order to accelerate the level of outreach of BB operations to achieve the objective of financial inclusion and strengthening controls related to Money Laundering (ML)/ Terrorist Financing (TF) risks.</p> <p>The revised Regulations shall be applicable on all Authorized Financial Institutions (AFIs) providing BB services. AFIs providing BB services are advised to streamline their existing operations/processes and submit a compliance report of the same to SBP latest by 31st January, 2020.</p> <p>The objectives of the Regulations' are:</p> <ul style="list-style-type: none"> <li>i) To define BB activities as a new delivery channel to offer banking services in a cost effective manner.</li> <li>ii) To broadly outline activities which constitute BB and to provide a framework for offering BB services.</li> <li>iii) To serve as a set of minimum standards of overall information security, customer protection and risk management to be followed by the Banks desirous to offer mobile banking services.</li> </ul> <p>The Regulations are applicable to Commercial Banks, Islamic Banks and Microfinance Banks (MFBs) and activities outlined in these Regulations as 'branchless banking' cannot be offered by any person or institution other than Authorized Financial Institutions (AFIs).</p>
2	Amendments in the Public Offering Regulations, 2017	<p>The objective behind the amendments is to promote capital formation by facilitating issuers, reducing the cost of an IPO and safeguarding the interest of general public by enhancing disclosures.</p> <p>In order to safeguard the interest of the general public, certain parameters for greenfield projects (GFP) are being introduced. Through such parameters, sponsors of GFPs are required to have a successful business track record of running a listed company and to contribute at least 75% in the form of equity and financial close should be in place. The issuer shall also make certain risk-related disclosures in the offering document and shall offer the shares through a fixed price method only.</p> <p>Also, to ensure investor protection, in case of a change in the principal purpose of the issue, an exit offer mechanism is being proposed.</p>

**b. Draft Regulations/ Rules issued**

Sr. no	Name	Public Comment	Description
1	Draft amendments to the Non-Banking Finance Companies and Notified Entities Regulations, 2008	By Jan 13, 2020 (ie. within 14 days)	<p>Certain amendments and additions have been proposed to bring more clarity regarding definitions, financial limits and processes etc.</p> <p>The following new definitions have been added:</p> <ul style="list-style-type: none"> <li>• “Infrastructure Finance Company (IFC)” means an NBFC, which deploys at least 70 per cent of its total assets in infrastructure finance for such infrastructure projects which the Commission may notify through circular, having minimum credit rating of A and is compliant with minimum equity and CAR requirement;</li> <li>• “Public Funds” include public deposits, inter-corporate deposits, bank finance and all funds received whether directly or indirectly from outside sources such as funds raised by issue of debentures, commercial papers etc. ;</li> <li>• “Small Enterprise” and “Medium Enterprise (SME)” means as under:               <ul style="list-style-type: none"> <li>(a) small enterprise: - a business entity not a public limited company that has annual turnover up to Rs. 150 million and employees (including contractual) less than 50;</li> <li>(b) medium enterprise:- a business entity that has annual turnover of more than Rs. 150 million but less than Rs. 800 million and number of employee (including contractual) between 51 to 100 for trading entity and between 51 to 250 for manufacturing or service entity”;</li> </ul> </li> </ul> <p>Further a clause has been added stating that within ten days from the date of election of directors in a general meeting, the NBFC shall submit an application for appointment or reappointment of chief executive; and in case of occurrence of any casual vacancy in respect of a director or a chief executive, the NBFC shall submit an application within 10 days. Also, in case the Board of Directors of an NBFC decides to remove its chief executive before the expiration of his term of office or the chief executive decides to tender his resignation before the completion of his term of office or replacement of Chief Executive on completion of his term, the NBFC shall immediately inform the Commission along with reasons for the same; provided that the NBFC shall, within a period of seven days, submit an application complete in all respects, for obtaining approval of the Commission for appointment of the new chief executive.</p> <p>Furthermore, NBFCs shall comply with the guidelines issued by the Commission on Grievance Redressal System for microfinancing clients.</p> <p>A number of other provisions pertaining to financial limits, collateral, mark up etc have also been amended.</p>

### **3. Guidelines & Circulars**

#### **a. Guidelines on Compliance of Government of Pakistan's notifications issued under United Nations Security Council (UNSC) Resolutions**

SBP has updated the Guidelines on 'Compliance of Government of Pakistan's Notifications issued under United Nations Security Council (UNSC) Resolutions', issued vide BPRD Circular No. 03 of 2015 and amended from time to time. This has been done in order to further enhance the understanding of Targeted Financial Sanctions regimes for Terrorism Financing and Proliferation Financing, under UNSC Resolutions, and to further align said regimes with the requirements embodied in Financial Action Task Force (FATF) Recommendations.

A new provision has been added stating that: to ensure prompt transmission of SROs to relevant stakeholders, including banks/ DFIs/ MFBs, the Ministry of Foreign Affairs has put in place an email subscription service. Banks/ DFIs/ MFBs are required to sign up for this service through the Ministry's website. Similarly, to communicate addition/ deletion/ retention of individuals in the list of proscribed individuals, a system-generated email is circulated by the competent authority to all banks/ DFIs/ MFBs. The changes are also reflected in the list of proscribed individuals available on the website of the National Counter Terrorism Authority (NACTA).

Also, clarity was added stating that: State Bank of Pakistan (SBP) also circulates SROs/ Notifications to its regulated entities for taking immediate necessary action, which includes:

- a) Screening of customer database to identify relationships with designated/ proscribed individual or entity;
- b) Freezing of bank accounts, funds and other financial assets or economic resources without any prior notice to the account holder/ customer;
- c) Reporting of such frozen assets and other actions taken in compliance with the relevant SRO/ Notification within the stipulated time to SBP; and
- d) Reporting to Financial Monitoring Unit (FMU) as per law.

Further, Banks/ DFIs/ MFBs shall report to the Financial Monitoring Unit (FMU), all attempted or rejected transactions or account opening requests pertaining to proscribed/ designated entities and individuals and their associates; and shall maintain up to date MIS of all frozen assets/ funds, attempted or rejected transactions or account opening requests, and the same shall be made available to SBP as and when required.

#### **b. Anti-Money Laundering and Combating the Financing of Terrorism Guidelines on Risk Based Approach for Banks/DFIs/MFBs**

SBP has decided to realign, update and expand coverage of the 'Anti Money Laundering and Combating of Financing of Terrorism (AML/ CFT) Guidelines on Risk Based Approach' for Banks/ DFIs issued by SBP vide BPRD Circular No. 2 dated September 13, 2012, in the light of recent observations highlighted in Pakistan's Mutual Evaluation Report and revisions made in AML/ CFT Regulations for Banks/ DFIs/ MFBs.

All Banks/ DFIs/ MFBs have been advised to ensure meticulous compliance of the updated guidelines which shall be applicable with immediate effect, with any deviation or non-compliance attracting punitive action under the provisions of relevant laws.

SBP had issued its Risk Based Approach (RBA) Guidelines on AML/CFT in 2012. Subsequently, Pakistan committed an action plan with FATF in June 2018 and also underwent a Mutual Evaluation by Asia Pacific Group which was concluded in 2019. Hence, SBP has issued the updated guidance to its Regulated Entities (REs) for ensuring adoption of RBA in line with international standards and best practices in areas of:

- identification,
- assessment and understanding of Money Laundering (ML)/ Terrorist Financing (TF) / Proliferation Financing (PF) risks,
- devising AML/CFT controls and preventive measures recommended by FATF for mitigation of ML/TF/PF risk [including implementation of Targeted Financial Sanction (TFS) related to TF/PF
- Suspicious Transaction Reporting (STR) and Currency Transaction Reporting (CTR))

The responsibility of oversight of ML/ TF/ PF risks posed to the entity and ensuring that REs have implemented effective AML/CFT controls (preventive measures), lies with the Board. The Board shall delegate oversight and monitoring functions to any of its sub-committee preferably Board Risk Management Committee (BRMC) or Board Audit Committee (BAC) and Compliance Committee of Management (CCM) which should be constituted in accordance with SBP's guidance on Compliance Risk Management.

**c. Compliance of AML/CFT Regime for MFBs**

Prudential Regulation M-1 stipulates that ongoing Customer Due Diligence (CDD) is an essential aspect of effective Know Your Customer(KYC)/CDD procedures and applies to all customers to whom a Micro Finance Bank (MFB) is offering any type of service(s). SBP, therefore, reiterated that MFBs must ensure strict observance of all applicable instructions including identification and verification of customers and their beneficial owner(s) and obtain information on the purpose and intended nature of business relationship.

SBP directed MFB's to ensure that the monitoring mechanism in place should be adequately resourced and strengthened to ensure that the transactions being conducted in the accounts are consistent with the MFB's knowledge of their customer, business, risk profile and the source of funds.

Further, with the objective to know the ultimate beneficial ownership of accounts/ transactions, the MFBs should enhance their efforts to obtain relevant information and examine background and purpose of all complex, unusual large transactions and unusual patterns of transactions, which do not commensurate with customer profile or have no apparent economic or visible lawful purpose. MFB's were also advised to refer SECP's Circular No. 16 of 2018 dated August 29, 2018 (<https://www.secp.gov.pk/laws/circulars/>) wherein the Commission directed all companies to enhance their efforts to obtain and maintain up-to-date information relating to their ultimate beneficial owners (i.e. natural persons or individuals who ultimately own or control the company).

Moreover, MFBs have been advised to take the following steps immediately with a view to further strengthen the measures already in place and mitigate money laundering and terrorist financing risks:

- i. Ensure optimal utilization of biometric technology and carry out biometric verification of the existing customers (if already not done) as per timelines given by SBP based on certain thresholds. Instructions have also been given for existing customers presently outside Pakistan.
- ii. Submit compliance status in respect of biometric verification of their existing/legacy portfolio of customers within 15 days of aforesaid timelines.

Non-compliance of any requirements stipulated by SBP in this regard shall attract appropriate enforcement action in accordance with relevant laws.

#### **d. Amendments in AML/CFT Regulations for Microfinance Banks**

As stated above, SBP has made revisions in the Anti-Money Laundering and Combating the Financing of Terrorism (AML/ CFT) Regulations for Banks/ DFIs/ MFBs, in light of recent observations highlighted in Pakistan's Mutual Evaluation Report, to mitigate various risks arising from money laundering and financing of terrorism and to further align AML/CFT Regulations for Microfinance Banks with the Financial Action Task Force (FATF) Recommendations. The amendments are aimed at providing further clarity on implementation of AML/CFT requirements by MFBs.

Some of the changes are as follows:

- i. New definitions for class of beneficiaries, enhanced due diligence, identity document, proliferation financing and settlor have been added.
- ii. Addition of clause stating : MFBs shall apply CDD requirements to existing customers on the basis of materiality and risk, and conduct due diligence on such existing relationships at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained.
- iii. Details pertaining to the conduct of biometric verification have been given.
- iv. MFBs to obtain ultimate beneficial ownership information from legal entities, as prescribed by SECP
- v. MFBs shall apply enhanced due diligence proportionate to risks
- vi. MFBs shall serve prior notice and record cogent reasons for terminating business relationships in their systems on a case to case basis.
- vii. MFBs shall not rely on third parties to perform any CDD measures as prescribed in these Regulations.
- viii. MFBs shall comply with the provisions of AML Act, rules and regulations issued there under for reporting suspicious transactions in the context of money laundering, financing of terrorism or financing of proliferation.
- ix. MFBs should update their internal risk assessment periodically or in case of any major event or in light of the National Risk Assessments (NRA) duly shared by.

- x. MFBs shall implement programs covering ML/TF risks and the AML/CFT/TFS obligations including the results of Risk Assessments conducted by FMU or any other Government Agencies.
- xi. MFB shall also share its own risk assessment results with its branch staff to keep them more vigilant and alert when dealing with customers, products, channels and geographies.

**e. Criteria for Fit & Proper Test (FPT) for Microfinance Banks**

In view of potential risks arising from money laundering, terrorism financing and proliferation financing, person(s) linked to any criminal activities or affiliated to any terrorist organizations shall not become part of MFBs. Consequently, SBP has stated that any sponsor shareholders/beneficial owners, directors, presidents and key executives shall become disqualified if they are designated/proscribed or associated directly or indirectly with designated/proscribed entities/persons under UNSC Resolutions or Anti-Terrorism Act 1997.

Hence, all MFBs have been advised to submit a Revised Questionnaire for assessing 'Fit & Proper Test' and 'Declaration by the Proposing MFB' to SBP confirming that the person(s) subject to FPT have been verified through National Database and Registration Authority and screened against the list(s) of designated/proscribed entities and persons as per the applicable laws, rules and regulations.

Also, as FPT is continuous in nature, any subsequent changes in this regard should be disclosed immediately to the Board of Directors and/or the concerned authorities including SBP.

**f. Financial Service Industry Innovation- SECP's Regulatory Sandbox Guidelines, 2019**

SECP has introduced Regulatory Sandbox Guidelines, 2019 to promote innovation in the financial sector and encourage startups. 'Regulatory Sandbox' is a tailored regulatory environment for conducting limited scale, live tests of innovative products, services, processes, and/ or business models in a controlled environment for a limited period of time so as to assess their viability to be launched on full-scale, and to determine the compatible and enabling regulatory environment that will be conducive for the innovative solutions.

Pakistan's first Regulatory Sandbox in the financial services industry aims at reducing regulatory obligations through allowing testing of new products, business models, services in the Regulatory Sandbox; and to stimulate financial and technological innovation and help in enhancing financial inclusion and broaden the range of financial products in Pakistan.

The Regulatory Sandbox is primarily applicable for:

- i. new products, services or business models which have not been addressed under existing laws and regulations; or
- ii. these new ideas bring an innovative approach to the market and there exists considerable uncertainty in terms of unexpected adverse outcomes, or
- iii. existing regulatory framework does not fully address the solutions proposed to be experimented through the regulatory sandbox.

Regulatory Sandboxes are becoming increasingly popular regulatory tools internationally, and will be available for all the regulated sectors of the SECP i.e. insurance, capital markets, non-banking financial services and overall corporate sector.

**g. Donations for Sec 42 Companies from Foreign Sources without permission**

SECP has directed all companies licensed under section 42 of the Companies Act, 2017 that intend to receive funding/donations from foreign sources to apply to the Commission for seeking prior permission from the Ministry of Interior for such funding.

The following documents shall be submitted along with the request:

- i. Latest Memorandum & Articles of the Association of the company;
- ii. Certified copy of latest Form B of the company;
- iii. Resumes and affidavits of the chief executive and directors of the company as per the format specified in the Regulations and
- iv. CNICs/passports of all the directors & chief executive of the Company.

The SECP issued the Associations with Charitable and Not for Profit Objects Regulations, 2018 vide SRO 733(1)2018 dated June 07,2018, which are binding on all companies licensed under section 42 of the Act. Sub regulation (xxii) of Regulation 7 states :

*"the company shall not appeal, solicit, receive, or accept donations from foreign sources except with the prior permission, clearance or approval from the relevant authorities as may be required under any law or specified by the Government."*

SECP has noticed that certain companies licensed under section 42 of the Act receive foreign funding/donations without obtaining prior permission from relevant authorities in contravention to the above requirement, and, hence, has issued this circular to emphasize compliance of the same.

**“Ethics in business is extremely important;  
your reputation is all you have in life.”**

**- Sir Freddie Laker**

## International

### a. Financial Reporting Councils Practice Aid for Evaluating Audit Quality Updated

The Financial Reporting Council (FRC) has published an updated practice aid to assist audit committees in evaluating audit quality in their assessment of the effectiveness of the external audit process.

The practice aid takes into account developments that have taken place such as revisions to the UK Corporate Governance Code, the requirement for all Public Interest Entities (PIEs) to conduct a tender at least every 10 years and rotate auditors after at least 20 years, and increasing focus generally on audit quality and the role of the audit committee. New sections have been added on audit tendering and transparency of audit committee reporting and some of the background material has been consolidated and shortened, and the illustrative considerations for audit committees have been made more practical and more clearly presented in separate appendices.

The FRC encourages audit committees to use the Practice Aid to help develop their own approach to their evaluation of audit quality, tailored to the circumstances of their company. Audit committees are encouraged to see their evaluation as integrated with other aspects of their role related to ensuring the quality of the financial statements – obtaining evidence of the quality of the auditor’s judgements made throughout the audit, in identifying audit risks, determining materiality and planning their work accordingly, as well as in assessing issues. While the Practice Aid is designed for audit committees of Premium Listed companies it may assist audit committees of other entities, particularly those adopting the Corporate Governance Code voluntarily.

### b. Grant Thornton Corporate Governance Review 2019: The Issue of Trust

The ‘Corporate Governance Review (CGR)’ report, which is now in its 18th year, identifies key trends in reporting and disclosure for UK’s biggest companies. The report comprises of a comprehensive analysis of the annual reports of the FTSE 350<sup>1</sup>, and showcases best practice in governance reporting.

The report demonstrates that ‘trust’- whether that’s the trust of stakeholders, potential investors or the wider public- is a hard-won but essential ingredient for business growth and that annual reports remain a key means of winning that trust. Further, gaining trust is not just about compliance. Research proves that strong governance delivers sustainable value and good reporting is a part of that.

The report also states that in the current volatile times, restoring trust in businesses has never been a more important or complex challenge and yet the results of the 18th CGR shows that only a minority of the FTSE 350 are seizing the initiative. There should be calls for greater transparency, public pressure on issues like inequality, diversity and the environment; disruptive technology and legislation extending company accountability beyond shareholders.

The report further states that these issues not only demand meaningful action, but demonstrating that the company is doing this is essential too - not just for current stakeholders, but also for future investors and the wider public. The CGR indicates that many companies are still struggling to either act or provide the proper reporting of such actions.

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<sup>1</sup> The FTSE 350 Index is a market capitalization weighted stock market index incorporating the largest 350 companies by capitalization which have their primary listing on the London Stock Exchange.

**c. OECD & UNDP -Making Development Co-operation more effective 2019 Progress Report<sup>2</sup>**

The *'Making Development Co-operation More Effective: 2019 Progress Report'* was prepared by the Organisation for Economic Co-operation and Development (OECD) and the United Nations Development Programme (UNDP), under the auspices of the Global Partnership for Effective Development Co-operation.

The Global Partnership has produced progress reports since 2014 to generate evidence on implementation of internationally agreed principles for effective development co-operation that demonstrates where progress has been made and where challenges remain. The reports draw on data collated by partner countries and are one of the few sources of aggregate global data and analysis on development co-operation effectiveness.

Parts I & II : provide analysis and findings with respect to delivering against internationally agreed effectiveness commitments.

Part III : reflects views of Global Partnership stakeholders on the evidence presented in Parts I and II as well as key messages to further shape the future of the monitoring exercise and effectiveness efforts.

The progress reports published jointly by the OECD and UNDP aim to ensure that effectiveness remains high on the international development agenda while also supporting better policy to drive better results.

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<sup>2</sup> OECD/UNDP (2019), Making Development Co-operation More Effective: 2019 Progress Report, OECD Publishing, Paris, <https://doi.org/10.1787/26f2638f-en>.

## Special feature

### S.R.Os under UNSC 1267 sanctions

#### a. Issuance of S.R.O under UNSC 1492\_SRO 1492(I).Dec.2019. Consolidated SRO dated December 04, 2019

The United Nations Security Council (UNSC) vide its Resolution No. 2231 (2015) has established specific restrictions that apply to all States without exception, which are given below:

- i. Nuclear related transfers and activities
- ii. Ballistic missile related transfers and activities
- iii. Arms related transfer
- iv. Asset freeze
- v. Travel ban
- vi. Cargo inspection

#### b. Issuance of S.R.O under UNSC 1465\_SRO 1465(I).Nov.2019.DPRK Consolidated SRO dated November 28, 2019

The United Nations Security Council (UNSC) has decided to apply the measures specified in its resolutions relating to the Democratic People's Republic of Korea (DPRK). All Member States are required to prevent the direct or indirect supply, sale or transfer of the following to the Democratic People's Republic of Korea (DPRK):

- i. Arms and related material embargo
- ii. Non-proliferation
- iii. Proliferation networks
- iv. Interdiction and transportation
- v. Provision of bunkering services
- vi. Assets freeze
- vii. Disposal of seized items
- viii. Travel ban
- ix. Financial measures
- x. Specialized training and teaching
- xi. Scientific and technical cooperation
- xii. Coal, minerals and sectoral bans
- xiii. Ban on exports of condensates and natural gas ban to the DPRK
- xiv. Ban on all refined petroleum products
- xv. Restriction on the supply, sell, or transfer of crude oil
- xvi. Seafood ban
- xvii. Ban on export of textiles from the DPRK
- xviii. Ban on DPRK workers abroad
- xix. Fuel ban
- xx. Other bans: statues, new helicopters and vessels
- xxi. Luxury goods ban

**c. Issuance of S.R.O under UNSC 1267\_SRO 1441(I).Nov.2019.dated November 26, 2019 & SRO 1313(I).Nov.2019.dated November 06, 2019**

The United Nations Security Council (UNSC) vide SRO 1441(I) has directed to apply travel restrictions, arms embargo and to freeze the funds and other financial resources of certain individuals and entities. All Member States are required to take the following measures with respect to ISIL, Al-Qaida, and associated individuals, groups, undertakings and entities:

- i. Asset freeze
- ii. Travel ban
- iii. Arms embargo

The United Nations Security Council (UNSC) vide SRO 1313(I) has decided that all States are required to take all possible measures, in accordance with their domestic laws and practices, to notify or inform in a timely manner the listed individual or entity of the listing as provided in the relevant resolutions of UNSC 1267.



**SEMINAR ON Amendments in Corporate Governance Reporting in Pakistan "Comply or Explain"**

January 16, 2020 | 11:00 a.m. – 01:30 p.m. (Registration from 10:30 a.m.) | Karachi Marriott Hotel (Pool Marquee)

**PROGRAMME OVERVIEW**

The new Listed Companies (Code of Corporate Governance) Regulations 2019 issued by the Securities and Exchange Commission of Pakistan in September 2019 sets forth a paradigm shift from a 'mandatory rule based' approach to a 'comply or explain' one that shall set apart companies that adopt corporate governance best practices in true spirit - from those that do so just for the sake of 'ticking-the-box'. The new approach requires companies to explain non-compliance with recommended best practices and will highlight to what extent investors and other stakeholders are mindful and accepting of such reasons.

To provide our members the latest insights on the new regime, the Southern Regional Committee (SRC) of the Institute of Chartered Accountants of Pakistan (ICAP) in collaboration with the Pakistan Institute of Corporate Governance (PICG) has organised a seminar on the "Amendments in Corporate Governance Reporting in Pakistan - Comply or Explain" approach on January 16, 2020 at the Karachi Marriott Hotel.

**Keynote Speakers**



**Asad Ali Shah**  
Managing Partner  
Asad Ali Shah Associates  
Chartered Accountant



**Sadia Khan \***  
CEO  
Pakistan Institute of  
Corporate Governance

**Panellists**



**Fuad Azim Hashmi**  
Executive Director  
Pakistan Business Council's  
Centre of Excellence in  
Responsible Business (CERB)



**Abdul Samad Dawood**  
Vice Chairman, Board  
Engro Corporation Limited



**Naz Khan**  
Managing Director  
X-Petroleum Limited



**Nausheen Ahmad**  
Company Secretary  
ICI Pakistan Limited

\* Speaker will also act as the Moderator.

**Chief Guest**



**Aamir Khan**  
Chairman  
Securities and Exchange  
Commission of Pakistan (SECP)

**PROGRAMME**

- 10:30 am – 11:00 am Registration & Tea
  - 11:00 am – 11:10 am Tilawat and Welcome Address
  - 11:10 am – 11:30 am Presentation of survey findings by Ms. Sadia Khan
  - 11:30 am – 11:50 am Presentation by Mr. Asad Ali Shah on "Comply or explain"
  - 11:50 am – 01:00 pm Panel discussion and Q&A
  - 01:00 pm – 01:20 pm Concluding Remarks by Chief Guest
  - 01:20 pm – 01:30 pm Vote of Thanks by Chairman SRC
- Programme will be followed by lunch

PICG's survey on Corporate Governance Practices in Pakistan – which was launched in December 2019 – will be available at a discounted price for one day only at the event.

**SEMINAR INVESTMENT**

Rs. 6,825/- Members (ICAP, ICMAP & PICG) / ICAP Affiliates (includes 5% SST Rs.325/-)

Rs. 7,875/- Non – Members (includes 5% SST Rs.375/-)

Early Bird Discount (Applicable till January 14, 2020)

Rs. 6,300/- Members, (ICAP, ICMAP & PICG) / ICAP Affiliates (includes 5% SST Rs.300/-)

Rs. 7,350/- Non – Members (includes 5% SST Rs.350/-)

Life members can attend for free.

ICAP is exempted from deduction of income tax under 153 of income tax ordinance. Exemption certificate is available on the ICAP website.

Adnan Rizvi  
CPD Convener SRC  
January 08, 2020  
5/1/2019-2020

For Registration & Information Contact:

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