
















KPMG Taseer Hadi & Co.
Chartered Accountants







MEASURES TAKEN BY SECP ON COVID-19



Sr. Nos.	CIRCULAR/ SRO REFERENCE	DATE	SYNOPSIS OF CIRCULAR	CIRCULAR ATTACHED
CIRCULARS				
1.	Circular No 1 of 2020 – Growth Rate Scenarios for Life Insurance and Family Takaful Illustrations-2020	23 January 2020	SECP revises the three growth rate scenarios for life insurance and family takaful illustration for the year 2020 which are as follow: Growth Rate: 8%,10% & 12%. Inflation Adjusted RoR: 3%, 4% & 5% All new illustrations after 15 February 2020 to be made on above scenarios.	
2.	Circular No.2 of 2020 – Requirements for assessing suitability & risk categorization of collective investment schemes	6 February 2020	SECP prescribes new risk profiles for Collective Investment Schemes ["CIS"] and Investment Plans of Asset Management Company ["AMC"] to ensure suitability of CIS /plan to the investor (refer CIS/plan risk profile in attached Circular). AMCs are required to: print standard risk profile of CIS/plans on front page of offering documents, investment forms and in fund management report; <ul style="list-style-type: none"> formulate policies and procedures; develop investment risk profiling mechanism; and ensure that investors signs and dates risk-profiling documents before making investment. All AMCs are required to comply with these provisions within 60 days of this Circular. Deadline extended by another 60 days vide Circular 11 of 2020 dated 9 April 2020, below.	
3.	Circular No 3 of 2020 – Eligibility to act as trustee of Collective Investment Schemes	20 February 2020	NBFC allow subsidiary of ISE Tower REIT Management Company Limited to apply for registration as trustee of Open-End Scheme or Close End Scheme.	
4.	Circular No 4 of 2020 – Investment in units of Exchange Traded Funds by Equity Oriented Collective Investment Schemes	3 March 2020	SECP allows AMCs to invest in units of Exchange Traded Funds ["ETF"] on behalf CIS on following conditions: <ul style="list-style-type: none"> Equity Oriented CIS to invest in ETF units – a maximum of 10% of net asset of CIS; and If Equity Oriented CIS and ETF are managed by the same AMC, in such case, AMC is to charge single management fee for making investment in ETF. 	
5.	Circular No 5 of 2020 – Coronavirus contingency planning for annual general meetings of shareholders	17 March 2020	In view of the COVID 19 pandemic, in order to deter large gatherings, following recommendations have been made for companies to make contingency planning for AGM of listed Companies: <ul style="list-style-type: none"> Arrange Video Facilities Receive comments/suggestion from shareholders electronically on proposed agenda items of AGM Propagate above details through its website, PSX and notify through notice/addendum in newspaper for shareholders to access facility. Any change in venue to be communicated. Company secretary and chairman to ensure that comments of shareholders are discussed in meeting and duly minute. Shareholder should ensure maximum participation through electronic means and consolidation of proxies etc. Companies should take protective measures like hand sanitizer, mask and distant seating Voting through ballot postal for special business. Gifts and incentives are strictly prohibited. 	
6.	Circular No 6 of 2020 – Relaxation from certain provisions of Companies Act, 2017 due to CoVID-19	22 March 2020	In view of COVID 19 following temporary relaxation allowed from compliance of certain provision of the Companies Act 2017, namely: <ul style="list-style-type: none"> Extension of 30 days for holding AGM e.g. on or before 29-May-2020. Where election of directors is due – in such case file application with concerned registrar along with the reason for delay Filing of statutory returns extended up to 30 days without any additional fee which were due on and after 24 March 2020. 	

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7.	Circular No 7 of 2020 – Collective Investment Schemes investments in exchange traded equity future contracts	27 March 2020	<p>SECP has prescribed following conditions for CIS making investment in equity future contracts [“EFC”], namely:</p> <ul style="list-style-type: none"> All categories of CIS allowed to invest in equity securities may take equity exposure through EFC subject to enabling provisions in the offering document. A CIS may: <ul style="list-style-type: none"> take exposure through EFC for meeting investment objective or for hedging. purchase deliverable equity/cash settled equity future and invest the difference between contract price and upfront margin in cash and near cash instruments; sell deliverable EFC against: <ul style="list-style-type: none"> its existing ready market open purchase position in the same scrip if such open position will settle prior to or on the same settlement date as the settlement of deliverable equity futures contracts or against shares held in CDC. its existing deliverable future purchase position in the same security, such an exposure not to exceed 40% of the net assets of the scheme. sell in cash settled equity futures contracts maximum up to 5% of the net assets of the CIS without pre-existing interest in the security. An AMC: <ul style="list-style-type: none"> must ensure exposure in EFCs not to exceed net assets of the CIS. to ensure (along with the trustee) to fulfill its obligations with respect to equity futures contracts, whether in the form of payment or delivery. must ensure compliance with exposure prescribed limits. to make appropriate disclosures in the offering document of CIS which at least covers the following: <ul style="list-style-type: none"> introduction EFCs, its maturity and methodology of facilitation in hedging or attaining the investment objective of the scheme. Exposure of participation of the schemes in equity future contracts. Risk associated with EFCs with numerical examples. A statement whether future contracts are used for the purpose of hedging? A description of risk management and compliance procedures and controls adopted to ensure appropriate risk management. AMCs taking exposure through EFCs to ensure that necessary risk management measures are in place to enable the AMC to monitor, measure and manage the risks of the CIS position in EFCs. Exposure in futures contracts shall be marked-to-market on a daily basis as per requirement of the Pakistan Stock Exchange. A CIS cannot blank sale in deliverable equity future contract 	
8.	Circular No 8 of 2020 – Withdrawal of Circular 8 of 2016 on Disclosure of Branch Information by Insurers	30 March 2020	To promote ease of doing, SECP has with immediate effect withdrawn Circular No. 8 of 2016 dated 9 March 2016, in respect of: Regulatory Requirement for disclosure of Branch Information by Insurance companies/ Takaful Operators	
9.	Circular No 9 of 2020 – Relaxation to lending NBFCs under Regulation 67A	31 March 2020	<p>In view of COVID 19 pandemic, SECP has allowed the following relaxations to lending non-bank finance sector including the Non-Bank Microfinance Companies (NBMFs):</p> <ul style="list-style-type: none"> Deferment in repayment of principal loan amount for 1 year by the borrower on the basis of application made before 30 June 2020. However, mark-up to be paid as per agreed terms and conditions. NBFC may reschedule / restructure the financing facility of those borrowers 	

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			<p>who are unable to pay mark-up or need deferment exceeding 1 year.</p> <ul style="list-style-type: none">The NBFC shall not classify the deferment and rescheduled request as “Doubtful” or “Substandard” unless the payment obligations are past due by 90 in case of microfinance and 180 for other finance facilities.The relaxation, above, will expire on 31 March 2021 and then prevailing provision of NBFC Regulation will be applicable.										
10.	Circular No 10 of 2020 – Regulatory Relief for Corporate Sector to Dilute COVID-19 impact	1 April 2020	<p>In view of COVID 19 pandemic, it's been clarified as under:</p> <ul style="list-style-type: none">In view of Circular No. 6 of 2020 30 days extension in holding AGM granted to all companies, the said extension has simultaneously extended to listed companies. In addition, SECP to facilitate companies to grant extension in filing of first quarter financial statement on an application through an email.Companies to circulate notice and annual report by post or electronically via email addresses, WhatsApp etc.Though no relaxation has specifically been provided for filing interim financial statements, however, SECP will give due consideration while enforcing regulatory compliance in such situations.No specific relaxation to BOD Meeting however it's been encouraged to pass resolution through circulation.Companies are encouraged to use technology and enable employee to work from home.										
11.	Circular No.11 of 2020 – Relaxation from Certain Provisions of NBFC and Notified Entities Regulations 2008 & Circulars due to COVID-19	9 April 2020	<p>In view of COVID 19 following extension has been provided from compliance of certain requirement of the NBFC Regulations:</p> <ul style="list-style-type: none">Time period for regularization of exposure limit extended from 4 to 6 months.Announcement of NAV extended from 18.30 to the start of next working day.Submission of monthly return extended for 10 days i.e.20 April 2020.Maximum limit for application of discretionary discount has been enhanced as under: <table><tr><td></td><td>Rated</td><td>Unrated</td></tr><tr><td>Duration up to 2 Years</td><td>400/-200 bps</td><td>+100 bps</td></tr><tr><td>Duration over 2 years</td><td>300/-100 bps</td><td>+ 100 bps</td></tr></table> <ul style="list-style-type: none">Time period has been extended for the classification of Debt security to non-performing securities from 15 to 180 days.AMCs may inform investor through SMS or Email.Extended the time from 6 to 9 month for obtaining Institute of Financial Markets of Pakistan's CertificationsDeadline of Circular No 2 of 2020 extended for 60 days.		Rated	Unrated	Duration up to 2 Years	400/-200 bps	+100 bps	Duration over 2 years	300/-100 bps	+ 100 bps	
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12.	Circular No 12 of 2020 – Relaxation in renewal of licensing of Insurance Brokers	13 April 2020	<p>In view of COVID 19, SECP has issued following guideline for renewal of licensing of Insurance Brokers:</p> <ul style="list-style-type: none">If the license has expired during 15 March 2020 to 15 May 2020, the insurance broker, surveyors and ASOs will continue their business with the current license.Insurance broker, surveyors and ASOs to file renewal application before 15 May 2020.License will be renewed from the date of expiry of pervious license.Online filing facility through e-service and documents can be emailed to SECP.All insurance companies/ general takaful will continue to do business with insurance broker, surveyors and ASOs whose license has been expired from 15 March.										
13.	Circular No 13 of 2020 – Preventive Measures against Coronavirus Disease (COVID-19)	14 April 2020	<p>SECP, CROs, facilitation centers have taken following preventive measures against Coronavirus Disease:</p> <ul style="list-style-type: none">No Public dealing until further notice.\Only online inspection of documents is allowed by respective CROs. The time limit of response to CRO queries has been enhanced to 30 days.										

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14.	Circular No 14 of 2020 – Amendments in Investment Policy.	16 April 2020	SECP has modified time of maturity of Shariah Compliant Money Market Sub-fund the time to maturity of any Government Ijarah Sukuk from three (3) to five (5) years.	
15.	Circular No 16 of 2020 – Relaxations from certain provisions of NBFC Regulations 2008	21 April 2020	In view of COVID 19 following extension has been provided from compliance of certain requirement of the NBFC Regulations: Time period of submission of quarterly financial statement of Open & close End Scheme extended to 31st May 2020. Time extended to 180 days to ensure compliance of minimum fund size for open end scheme and after 90 days of issuance of this circular open-end scheme become noncompliant	
16.	Circular 17 of 2020 – Preventive Measures against COVID-19	20 April 2020	In continuation of circular 13, SECP, CROs, facilitation centers have taken further preventive measures against Coronavirus Disease: For inspection of documents, prior appointment should be obtained via email or phone call to respective CRO providing name of the company the intended date of visit CTC can be collected within two working days, otherwise, sent via courier.	
SROs				
	SRO 131 (I)/2019 – Change in the Effective Date of IFRS-9 for Modaraba	24 February, 2020	The effective date for applicability of IFRS 9 for Modarabas as "Reporting period/year ending on or after 30th June 2020 (earlier application is permitted)	
	SRO 273(I)/2020 – Change in the Effective Date of IFRS-9 for NBFCs	30th March, 2020	The effective date for applicability of IFRS 9 for Non-Banking Finance Companies as "Reporting period/year ending on or after June 30, 2021.	
	S.R.O. 278 (I)/2020 – Relief from requirements contained in IFRS 9	1st April, 2020	Following relief from the requirements contained in IFRS 9 , requiring recording of fair value adjustments of equity instruments held as FVPL (Fair Value through Profit or Loss) in the Statement of Profit or Loss, as at March 31, 2020: i. Gain/loss may be shown as separate component in the Statement of Changes in Equity. ii. The amount in equity shall be taken to the Statement of Profit or Loss for the year/period ending June 30, 2020. iii. The amount of loss in equity will be treated as a charge to statement of profit or loss for the purposes of distribution as dividend, if applicable. Companies and mutual funds willing to follow full requirements of IAS-39/ IFRS 9, IFRS for SMEs and AFRS for SSEs as applicable are encouraged to do so. All companies and mutual funds opting for the treatment in Para-i above, shall disclose the value of their investments and the figures on the face of their Statement of Financial Position , Statement of Profit or Loss and Directors' Report.	

KPMG Offices in Pakistan

Karachi Office

Sheikh Sultan Trust Building No. 2
Beaumont Road, Karachi 75300

Phone +92 (21) 3568 5847
Fax +92 (21) 3568 5095
eMail karachi@kpmg.com

Lahore Office

351 Shadman-1, Main Jail Road,
Lahore Pakistan
Phone +92 (42) 111-KPMGTH (576484)
Fax +92 (42) 3742 9907
eMail lahore@kpmg.com

Islamabad Office

Sixth Floor, State Life Building
Blue Area, Islamabad
Phone +92 (51) 282 3558
Fax +92 (51) 282 2671
eMail islamabad@kpmg.com

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