PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 4th July, 2019

S.R.O. 592(I)/2019.—The following draft of Corporate Rehabilitation Regulations, 2019 proposed to be made by the Securities and Exchange Commission of Pakistan, in exercise of the powers conferred by section 41 of the Corporate Rehabilitation Act, 2018 (IX of 2018), are hereby published for information of all persons likely to be affected thereby and notice is hereby given that objections and suggestions, if any, received within fourteen days from the date of its placement on the Commission’s website, shall be taken into consideration, namely:—

DRAFT REGULATIONS

1. Short title and commencement.—(1) These Regulations shall be called the Corporate Rehabilitation Regulations, 2019.

1275 (1—11)

Price : Rs. 20.00

[997(2019)/Ex. Gaz.]
2. **Definitions.**—(1) In these regulations unless there is anything repugnant in the subject or context,—

   (i) “**Act**” means the Corporate Rehabilitation Act, 2018 (IX of 2018));

   (ii) “**Annexure**” means annexure appended to these regulations;

   (iii) “**Companies Act**” means the Companies Act, 2017 (XIX of 2017);

   (iv) “**Form**” means form appended to these regulations;

   (v) “**Panel of Insolvency Experts**” means a panel maintained by the Commission under these regulations in consultation with the State Bank of Pakistan;

   (vi) “**Provisional manager or official liquidator**” shall have the same meaning as assigned to it in section 315 of the Companies Act; and

   (vii) “**schedule**” means schedule appended to these regulations.

(2) Words and expressions used but not defined in these regulations shall have the same meanings as are assigned to them under the Corporate Rehabilitation Act, 2018 (IX of 2018) or any administered legislation.

3. **Panel of Insolvency Experts.**—Subject to section 5 of the Act, the Commission shall maintain a Panel of Insolvency Experts in the manner as it may deems fit.

4. **Eligibility Criteria.**—(1) Any person may apply to the Commission to be included in the Panel of Insolvency Experts subject to the requirements of the Act and the following criteria;

   (i) have a bachelor’s degree in law, or Master’s degree in accounting, banking, finance, management, or equivalent, duly recognized by the Higher Education Commission (HEC) of Pakistan; or

   (ii) be a chartered accountant or cost and management accountant or ACCA from Association of Chartered Certified Accountants (UK) or such other equivalent professional qualification as may be notified by the Commission;

   Provided that in case of a professional accountant or cost and management accountant, the person must have membership of the relevant professional institute.
Provided further that in case of an advocate, his name must be appearing on common roll of advocates of a High Court or, as the case may be, the common roll of advocates of the Supreme Court prepared and maintained by the relevant Bar Council under the Legal Practitioners and Bar Councils Act, 1973 (XXXV of 1973);

(2) An individual shall be ineligible to be included in the Panel of Insolvency Experts, if he—

(a) is not a person residing in Pakistan;

(b) is of unsound mind;

(c) has applied to be adjudicated as an insolvent and his application is pending;

(d) is an undischarged insolvent;

(e) has been convicted by a court of law for any offence provided under the any law;

(f) has been debarred from being appointed as provisional manager or liquidator under the Companies Act by the Competent Court;

(g) is lacking fiduciary behavior and a declaration to this effect has been made by the court at any time during the preceding five years;

(h) has been declared by a court of competent jurisdiction as defaulter in repayment of loan to a financial institution;

(i) in case of a Pakistani national, is not an income tax filer with the Federal Board of Revenue.

5. **Application procedure.**—(1) Subject to the requirements of regulation 4 and the Act, any person may apply to the Commission to be included in the Panel on Form A.

(2) The Commission may, while considering an application under this regulation, require the applicant to furnish such additional information, clarification, or documents as it may deem fit.

(3) The Commission shall, after consultation with the State Bank of Pakistan, on being satisfied that the applicant meets the eligibility criteria and other requirement of these regulations and the Act enter the name of the applicant in the Panel of Insolvency Experts.
(4) The Commission may, after affording reasonable opportunity of hearing to the applicant may refuse to include the name of the applicant in the Panel of Insolvency Experts, if in the opinion of the Commission such applicant does not meet the requirements of these regulations or the Act.

(5) The entry of name of the applicant shall remain on the Panel of Insolvency Experts unless removed by the Commission in consultation with the State Bank of Pakistan.

(6) The Commission may, after providing a reasonable opportunity of representation to the Insolvency Expert listed on the panel, remove his name from the Panel if,—

(a) at any time he becomes ineligible in terms of regulation 4; or

(b) fails to comply or contravenes the requirements of the code of conduct provided under regulation 8; or

(c) order of removal is passed by the Court in terms of the provision of the Act in the case of Insolvency Expert or the Companies Act in the case of provisional manager or official liquidator who is appointed as an Insolvency Experts under the Act; or

(d) removal is recommended by the State Bank of Pakistan; or

(e) has obtained membership of the Panel of Insolvency Experts on the basis of incorrect or misleading information; or

(f) any other reason deemed sufficient by the Commission.

6. **Panel of Insolvency Experts to be displayed on the website of the Commission.**—A list of professionals included in the Panel of Insolvency Experts, including particulars as per Form B, shall be displayed on the website of the Commission.

7. **Remuneration of Insolvency Expert and administrator.**—(1) Remuneration of an insolvency expert shall be determined by the debtor where a petition for an order of mediation is filed by the debtor under sub-section (1) of section 8 of the Act, by the debtor and the creditor with mutual consent where petition for an order of mediation is filed by the qualifying creditor under sub-section (2) of section 8 of the Act;

Provided that in case of disagreement between debtor or the qualifying creditor remuneration of Insolvency Expert shall be determined by the Court.
(2) The Court may award such fees and expenses to an administrator as may be recommended by the qualifying creditor(s) filing petition under section 20 of the Act.

8. **Code of conduct.**—Subject to the requirements of sub-section (3) of section 5 of the Act, an insolvency expert shall follow the code of conduct as provided in Schedule I to these regulations.

**Form A**

The Corporate Rehabilitation Act, 2018

**Corporate Rehabilitation Regulations, 2019**

[See Regulation 5]

APPLICATION FOR EMPANELMENT ON PANEL OF INSOLVENCY EXPERTS

The Securities & Exchange Commission of Pakistan,
NIC Building, Jinnah Avenue, Islamabad.

Dear Sir,

I/We, hereby apply for empanelment on Panel of Insolvency Experts as maintained by the Commission under Section 5 of the Corporate Rehabilitation Act, 2018 and hereby furnish the following information and documents,—

(To be completed by applicant in block letters)

1. Full Name: ____________________________________________
2. Father’s name: _________________________________________
3. Date of Birth (dd/mm/yyyy): _____________________________
4. Nationality: __________________________________________
5. C.N.I.C. Number/Passport No.: _____National Tax Number: _____
6. Correspondence address: ________________________________
7. Phone and email: ______________________________________
   Landline No._______ Mobile Phone No. _________________
   E-mail: _____________________________________________
8. Education:
(a) Details of qualification: (starting from Matriculation)

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<tr>
<th>S. No</th>
<th>Qualification including professional qualification</th>
<th>Board/University</th>
<th>Year of completion</th>
<th>% Marks</th>
<th>Grade/GPA/Division</th>
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(b) Major subjects studied in Bachelors/Masters degree:

- Bachelors
- Masters

(c) Certification / memberships of professional bodies, if any:

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<th>Certifications</th>
<th>Memberships of professional bodies</th>
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(d) Continued Professional Development courses/trainings attended, if any:

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<th>Sr. #</th>
<th>Year</th>
<th>Title</th>
<th>Provided by</th>
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(e) Professional experience

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<th>Sr.#</th>
<th>Name of organization</th>
<th>Designation/Job Title/Area of Expertise</th>
<th>From (mm/yyyy)</th>
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(f) Experience related to the functions of Insolvency Experts, if any:
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<th>Sr. No.</th>
<th>Description</th>
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9. Have you ever been terminated or dismissed from any organization?

Yes ________ No _____ If yes, provide reasons for termination:

10. Do any of the following circumstances (or similar) apply to you? If you

- have applied to be adjudicated as an insolvent and application is pending;
- are an undischarged insolvent;
- have been convicted by a court of law for an offence involving moral turpitude;
- have been debarred from holding an office under any provision of the Act or any other law;
- are lacking fiduciary behavior and a declaration to this effect has been made by the court at any time during the preceding five years;
- have been declared by a court of competent jurisdiction as defaulter in repayment of loan to a financial institution;
- in case of a Pakistani national, are not a registered tax payer (filer) in Pakistan and do not hold a valid National Tax Number given by Federal Board of Revenue;
- in case of foreign national, are not a registered tax payer, if applicable, in respective jurisdiction of residence or nationality;
• have been convicted of any criminal offence involving fraud, negligence or criminal breach of trust and financial impropriety; or

• have an overdue / past due payment in the CIB report

Yes __________ No __________

Explanation (if Yes)


11. References.

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<th>Sr.</th>
<th>Name</th>
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Declaration:

I do hereby solemnly, and sincerely declare that the information provided in the form is true, complete and correct. I bear the responsibility for the correctness of the above mentioned particulars and information.

Signature ______________________

Name of the Applicant ___________

Office Address __________________

Date ___________________________

Form-B

The Corporate Rehabilitation Act, 2018
Corporate Rehabilitation Regulations, 2019
[See Regulation 6]

Particulars to be displayed on the website of the Commission

<table>
<thead>
<tr>
<th>Serial No. in the Panel</th>
<th>Name of Person on the Panel</th>
<th>Address</th>
<th>Date of empanelment</th>
<th>Email</th>
<th>Fax</th>
<th>Phone</th>
<th>CNIC/Passport No.</th>
<th>Qualification</th>
<th>Membership</th>
<th>Experience</th>
</tr>
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</table>
Schedule I

The Corporate Rehabilitation Act, 2018
Corporate Rehabilitation Regulations, 2019
[See Regulation 8]

CODE OF CONDUCT FOR INSOLVENCY EXPERTS

1. Integrity, Independence & Professionalism:

(a) An insolvency expert must act with honesty, should be straightforward and maintain integrity in all professional relationships.

(b) An insolvency expert must not misrepresent any facts or situations and should abstain from any action, directly or indirectly, that would bring disrepute to the profession.

(c) An insolvency expert should not acquire, directly or indirectly, any of the assets of the debtor, nor knowingly permit any relative to do so.

(d) An insolvency expert must ensure complete independence in his professional relationships while performing his/her duties and responsibilities under the Act.

(e) An insolvency expert must avoid conflict of interest and act with objectivity in his professional dealings. He/she must act without any prejudice, coercion, or influence of any party, whether directly associated to the insolvency proceedings or not.

(f) An insolvency expert shall not take up an assignment under the Act if he, any of his relatives, any of the partners or directors of his firm/company of which he is a partner or director, or the firm/company of which he is a partner or director is not independent and there is any direct or indirect conflict of interest.

(g) An insolvency expert shall make a declaration of existence of any pecuniary or personal relationship with any of the stakeholders or parties having interest in the rehabilitation process, to the person filing the petition for rehabilitation, administration committee(s), and the Court.

(h) An insolvency expert shall not, directly or indirectly, influence the administration committee(s) of creditors or debtor or other stakeholders so as to make any undue or unlawful gains for himself or his related parties, or cause any undue preference for any other
persons for undue or unlawful gains and shall not adopt any illegal or improper means to achieve any mala fide objectives.

2. **Competence and Due Care:**

   (g) An insolvency expert must engage in continuous professional development activities to further improve professional knowledge and skills based on the latest developments in practice as well as legislation.

   (h) An insolvency expert, while providing professional services, should act diligently and in accordance with the relevant laws and regulations, and applicable technical and professional standards. He/she should conduct himself/herself with courtesy and consideration towards all with whom they come into contact when performing their work.

   (i) An insolvency expert must not accept too many assignments, if he is unlikely to be able to devote adequate time to each of his assignments.

   (j) An insolvency expert must not act with mala fide or be negligent while performing his functions and duties under the Act.

3. **Confidentiality:**

   (a) An insolvency expert must preserve the confidentiality of information acquired as a result of professional and business relationships and should not disclose any such information to third parties without specific consent of the relevant person(s) unless there is a legal or professional right or duty to disclose.

   (b) Confidential information acquired as a result of professional and business relationships should not be used by the insolvency expert for his/her personal advantage or for advantage of any third party.

4. **Faithful Representation:**

   (a) An insolvency expert must inform all relevant stakeholders of a misapprehension or wrongful consideration of a fact of which he becomes aware, as soon as practicable.

   (b) An insolvency expert must not conceal any material information or knowingly make a misleading statement to any stakeholder or the Court.
5. **Meeting timelines and maintenance of records:**

(a) An insolvency expert must follow the timelines prescribed under the law or as directed by the Court, carefully plan his/her actions and communicate with all stakeholders well in advance for timely discharge of his/her duties.

(b) An insolvency expert must ensure that all communication to the stakeholders, as required under the law, is made well in advance.

(c) An insolvency expert must maintain chronological records for any actions/decision taken, reasons thereof and supporting information and evidence. The record maintained should be sufficient for an independent and informed third party to reach a view on the fitness of the decisions/actions of the insolvency expert.

(d) An insolvency expert must not make any private communication with any of the stakeholders unless required by the law or order of the Court.

6. **Remuneration, gifts and hospitality;**

(a) An insolvency expert shall not accept any fees or charges other than those which he/she is entitled to receive in the manner provided in the Act and the regulations.

(b) An insolvency expert shall disclose all costs incurred, as allowed under the Act, to performs his/her functions under the Act to all relevant stakeholders and must endeavor to ensure that such costs are not unreasonable.

(c) An insolvency expert, or his relative, must not accept gifts or hospitality which undermines or affects his/her independence as an insolvency expert.

(d) An insolvency expert shall not offer gifts or hospitality or a financial or any other advantage to a public servant or any other person, intending to obtain or retain work for himself, or to obtain or retain an advantage in the conduct of profession for himself.

[File No. CLD/CCD/PR(20)/Misc/2017]

BILAL RASUL,
Secretary to the Commission.