

MEMORANDUM OF UNDERSTANDING

BETWEEN

ISLAMIC RESEARCH AND TRAINING INSTITUTE
(IRTI)

AND

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
(SECP)

CONCERNING

STRATEGIC COOPERATION IN THE AREA OF
JOINT RESEARCH AND TRAINING IN ISLAMIC BANKING AND FINANCE

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MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (hereinafter referred to as the "MOU") is made and entered into on ___/___/1440H (Corresponding with 20/11/2018G) by and between:

1. **Islamic Research and Training Institute**, a member of the Islamic Development Bank Group (IDBG), established pursuant to the Articles of Agreements, with its head office at 8111 King Khalid Street Al Nuzlah Al Yamaniyah District Unit #1 Jeddah 22332-2444, Kingdom of Saudi Arabia (hereinafter referred to as "IRTI");

AND

2. **Securities and Exchange Commission of Pakistan**, the capital market regulator of Pakistan, located at NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad-44000, Pakistan (hereinafter referred to as "SECP").

IRTI and SECP are hereinafter referred to collectively as "Parties" and individually as "Party".

WHEREAS

- A. IRTI is a member and the knowledge arm of the IDB Group, which is established to undertake research and provide training and information services in the member countries of the Islamic Development Bank and Muslim communities in non-member countries to help bring their economic, financial and banking activities into conformity with Islamic Law and to further economic development and cooperation amongst them;
- B. The Securities and Exchange Commission of Pakistan is established under Section 3 of the Securities and Exchange Commission of Pakistan Act, (XLII of 1997) ("SECP Act"). The Commission is empowered under the SECP Act to regulate the business of the stock exchanges, the securities market and the workings of stock brokers/ brokerage houses in Pakistan;
- C. The Parties are desirous of entering into this MOU to create a mutually beneficial cooperation in order to support the development of the global Islamic banking and finance industry; and
- D. In pursuit of their common objective(s), this MOU establishes a framework to facilitate the mutual and joint cooperation between the Parties in promoting the goals set out and fully described in the Appendix A hereto.

Now, THEREFORE, the Parties hereby confirm their mutual understanding as follows:

1. PURPOSE AND SCOPE

The purpose of this MOU is to provide a general framework for facilitating collaboration and cooperation between the Parties for the development of Islamic finance sector in Pakistan by jointly organizing conferences, training workshops and research reports.

- 1.2 This MOU sets out matters of agreed principles reflecting the spirit of cooperation between the Parties and specifying each Party's respective role and responsibility in furtherance of the Purpose having regards to respective policies and procedures of each Party.
- 1.3 The purpose of this MOU is strictly limited to expressing the desire of the Parties for mutual cooperation and is not intended to impose any legal obligation of any nature on either Party. Any obligation or comment on any Party will be subject to each Party's internal policies and approvals.

2. COLLABORATION AND COOPERATION

- 2.1 Within the context of their respective mandates, objectives and procedures, the Parties anticipate that their collaboration currently will focus on the specific areas best fitting their respective strategies and mandates with regards to the areas of collaboration.
- 2.2 Any future cooperation will be considered, on a case-by-case basis, on the merit of each case and within the limitations of the mandate and resources of each Party.
- 2.3 Any other activities and programs in areas of mutual interest, which the Parties may jointly devise such as sharing information on the monitoring and evaluation of programs.
- 2.4 It is intended that this MOU should interpret and apply generally; however, if required, the Parties may mutually agree to adopt additional arrangements to meet specific and urgent needs in relation to a particular activity.

3. METHODS OF COLLABORATION

- 3.1 The Parties shall take appropriate measures within their respective rules and regulations, to ensure full collaboration and cooperation within the areas set forth in this MOU.
- 3.2 The Parties shall consult each other to determine the appropriate implementation procedure(s) and ensure a coherent and efficient approach in the implementation of their respective activities.

- 3.3 The Parties may cooperate through a range of mechanisms which may include, inter alia:
- (i) participation in joint activities, projects or programs in the agreed areas of cooperation;
 - (ii) making financial, logistical and/or technical contribution to such activities, projects or programs;
 - (iii) any other mechanisms that may be agreed upon by the Parties from time to time.

4. MONITORING AND EVALUATION

The Parties shall meet whenever appropriate to:

- (i) review the status and progress of activities, projects or programs being carried out pursuant to this MOU;
- (ii) exchange views on the progress made in implementation of this MOU, achievement of its objectives, performance by each Party of its respective obligations, and formulation of ways of enhancing implementation of this MOU;
- (iii) agree on further specific activities, projects or programs and the means and responsibilities for implementing and managing such activities;
- (iv) identify, formulate and plan implementation of new or future activities, projects or programs; and
- (v) discuss any matters arising out of their co-operation under this MOU.

5. CONSULTATION AND CONFIDENTIALITY

5.1 In pursuance of this MOU, the Parties shall keep each other informed of their respective activities, projects or programs of work in areas of common interest, where necessary, collaborate in the collection, analysis, disclosure and distribution information, and/or consult each other and exchange relevant information on matters of common interest which, in their opinion, are likely to lead to mutual collaboration.

5.2 Each Party may receive confidential information necessary to implement the provisions of this MOU and shall use information data only for the purpose and performance under this MOU. Save as otherwise agreed, each Party shall take all reasonable actions to ensure that the information remains confidential and known only to the employee and/or authorised person of the Parties on a need-to-know basis and is subject to the same confidentiality obligations. Subject to policies and procedures of each Party and Clause 8 hereunder, and the provision of written consent of each Party hereto, the content of this MOU may be disclosed to third parties, *inter alia*, for the purpose of promoting mutual activities.

6. SUPPLEMENTARY ARRANGEMENTS

Further detailed arrangements for collaborative activity(ies), project(s) or program(s) may be provided for by the Parties in supplementary agreement(s) such as an exchange of letters. Such agreement(s) may specify the form of participation, amount of financial contribution, project, program or technical assistance to be provided or financed by each Party, the disbursement plan/schedule, the responsibilities of each Party to the other Party, and such additional terms and conditions as the Parties may mutually agree.

7. FINANCIAL ARRANGEMENTS

- 7.1. Except as otherwise provided in the Appendix A hereto, the Parties shall each bear their own costs and expenses incurred in complying with their obligations under this MOU.
- 7.2. Except as otherwise provided in the Appendix A hereto, this MOU does not represent any commitment with regards to any funding for a particular activity, project or program on the part of either Party.
- 7.3. Costs or expenses relating to, or arising from any activity(ies), project(s) or program(s) undertaken pursuant to this MOU shall be borne by one or all the Parties in accordance with the provisions of such supplementary agreements as shall be reached by the Parties in advance of implementation of the activity, project or program concerned. The obligation of any Party to fund such activity, project or program will be contingent upon execution of the supplementary agreement such as exchange of letters.
- 7.4. The Parties shall remain liable for any losses or liabilities incurred due to their own or their employee's actions and no Party intends that the other Party shall be liable for any loss it suffers as a result of this MOU

8. EXTERNAL COMMUNICATIONS

Except as set forth below and in the Appendix A hereto, no Party may, without first receiving the prior written consent of the other Party (such consent shall not be unreasonably withheld or delayed), except to the extent required to comply with law or regulation:

- a. Make public use of the name, logo or emblem of the other Party in relation to this MOU or the transactions contemplated hereby;
- b. Disclose to any third party the terms of this MOU and any related correspondences between the Parties other than legal counsel, consultants or advisors provided that

such parties are subject to the same standard of confidentiality as set out herein;
and/or

- c. Issue a press release, nor make any public announcement or statement relating to this MOU, the transactions contemplated hereby or such Party's relationship with the other Party.

9. CHANNEL FOR COMMUNICATION AND NOTICES

- 9.1 Each Party will continue to nominate a contact person who will be responsible in practice for ensuring effective liaison between them, preserving the underpinning principles outlined here and maintaining an overall perspective on developments initiated through this MOU. The identity and contact details of the respective nominee (unless otherwise delegated in writing by such respective nominee) are stated as follows:

For IRTI: Attention: Dr. Humayon Dar
Director General

With copy to: Dr. Dawood Ashraf

Acting Manager, Islamic Economics & Finance Research Division
Email: DAsharaf@isdb.org

Address: Islamic Research and Training Institute
Islamic Development Bank Group
8111 King Khalid Street,
Al Nuzla Al Yamania District
Unit #1, Jeddah 22332-2444
Kingdom of Saudi Arabia

Tel: +966 12 646 6330
Fax: +966 12 637 8927
Email: irti-dgo@isdb.org

For SECP: Attention: Mr. Bilal Rasul
Executive Director- Head of Islamic Finance Department
bilal.rasul@secp.gov.pk

With copy to: Muhammad Junaid Younas Ghori
Joint Director- Islamic Finance
junaid.ghori@secp.gov.pk

Address: Securities & Exchange Commission of Pakistan (SECP)
SECP Head Office, NIC Building, 63-Jinnah Avenue
Blue Area, Islamabad (44000), Pakistan.

Tel: +92 51 9100453
Fax: +91 51 9100417
Email: bilal.rasul@secp.gov.pk

9.2 Either Party may by notice in writing to the other Party, substitute the representatives designated in this provision, or designate additional representatives or officials to serve as focal points for the purpose of facilitating implementation of this MOU or coordination of collaborative activities for the notifying Party.

9.3 Any notice, request or other communication under this MOU shall be in writing in English language, and shall be deemed to have been duly given when it has been delivered by hand, registered mail, email, or fax, as the case may be, by either Party to the other Party at the address specified in this provision or such other address as each Party may subsequently notify to the other Party.

10. COMMENCEMENT, DURATION AND TERMINATION

10.1 This MOU shall take effect upon its signature by the Parties (the date of the last such signature being the "Commencement Date") and shall remain in effect until it is terminated by any Party.

10.2 This MOU may be terminated at any time by either Party giving the other Party written notice of termination, at least three (3) month in advance of the proposed date of termination. Such termination shall take effect on the date specified in the notice of termination, provided that the provisions of this MOU shall remain in effect to the extent necessary to permit an orderly settlement of all arrangements made with respect to on-going collaborative activities.

11. PARTNERSHIP ARRANGEMENTS

11.1 This MOU is not intended to be legally binding, and no legal obligations or legal rights shall arise between the Parties from this MOU. However, the Parties enter into the MOU intending to honour all their obligations.

11.2 Nothing in this MOU is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, constitute a Party as the agent of the other Party, nor authorise either of the Parties to make or enter into any commitments for or on behalf of the other Party.

12. TRUST PRINCIPLES

The Parties recognise principles of integrity, independence and freedom from bias as critical to the Parties' business and reputation as well as being key to the success of the

Project. Therefore, if there is any attempt by any Party or entity related to it to exert undue influence, the other Party shall have the right to terminate this MOU.

13. INTELLECTUAL PROPERTY

13.1 Subject to the terms and conditions of this MOU, all intellectual property rights in the contents of the activities shall remain vested with IRTI. However, IRTI shall grant SECP, royalty free and perpetual license to use IRTI's name, logo and content solely for intended use of this cooperation and also, redistribute and otherwise use that content within SECP's products and services and the SECP's subscribers and to permit those subscribers to use and re-distribute it - as long as appropriate attribution to this work is given to IRTI.

13.2 SECP shall grant IRTI a non-exclusive, non-transferable worldwide licence to use the SECP's name and logo solely for intended use for the activities with prior written consent from the SECP on case to case basis.

14. SUB-CONTRACTING, SUCCESSION OR ASSIGNMENT

14.1 The Parties shall not sub-contract any part of the Project or any of its obligations under this MOU to any third party except with the prior written consent of the other Party.

14.2 Notwithstanding any other provision herein, this MOU shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

14.3 No Party shall assign any of its rights or obligations hereunder without the prior written consent of the other Party hereto, which consent shall not be unreasonably withheld or delayed.

14.4 No assignment shall relieve the assigning Party of any of its obligations herein.

15. LIMITATION OF LIABILITY

15.1 The Parties shall remain liable for any losses or liabilities incurred due to their own or their employee's actions under this MOU.

15.2 Nothing in this MOU shall be understood to limit any liability that cannot be limited by law.

16. COUNTERPARTS

16.1 This MOU may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one MOU.

16.2 A signed copy of this MOU (but for the avoidance of doubt not just a signature page) delivered by facsimile, e-mail (in PDF, JPEG or other agreed format) shall be deemed to have the same effect as delivery of an original signed copy of this MOU. However, all pages of this MOU shall be initialled by duly authorized representative of each Party.

16.3 If either method of delivery is adopted, without prejudice to the validity of this MOU thus made, each Party shall provide the others with the original of such counterpart as soon as reasonably possible thereafter but no later than within 14 (fourteen) days of the electronic transmission.

16.4 No counterpart shall be effective until each party has executed and delivered at least one counterpart to either Party and the receipt of such delivery is electronically acknowledged thereafter.

17. THIRD PARTY RIGHTS

17.1 Except as expressly provided elsewhere in this MOU, this MOU is for the sole benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this MOU.

17.2 The rights of the Parties to terminate, rescind or agree any variation, waiver or settlement under this MOU are not subject to the consent of any person that is not a Party to this MOU.

18. ENTIRE MEMORANDUM OF UNDERSTANDING

This MOU, together with the attached Appendix A hereto, constitutes the sole and entire understanding of the Parties to this MOU with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, both written and oral, with respect to such subject matter.

19. OTHER MATTERS

19.1 Any other matter for which no provision is made in this MOU shall be determined in a manner mutually acceptable to the Parties, and, in this regard, either Party shall give due consideration to any proposal advanced by the other Party.

19.2 Nothing contained in this MOU shall be construed as or constitute a waiver, renunciation or other modification of any privileges, immunities and exemptions accorded to either Party

under the agreement establishing the concerned Party, international conventions or any other applicable law.

19.3 The Parties may, by exchange of letters, mutually agree to amend this MOU or any of its provisions, at any time.

19.4 Any words importing the singular also include the plural and the masculine includes the feminine and vice versa, unless the context otherwise requires.

20. DISPUTE RESOLUTION

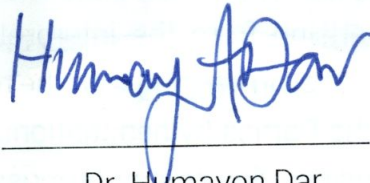
Any controversy or dispute arising from the interpretation or application of this MOU between the Parties, shall be settled in keeping with the relevant resolutions and decision(s) of the appropriate organs of the Parties by negotiations and conciliation. Each Party shall give full and sympathetic consideration to any proposal advanced by the other to settle amicably any matter as to the interpretation or application of this MOU.

[END OF CLAUSES]

EXECUTION PAGE

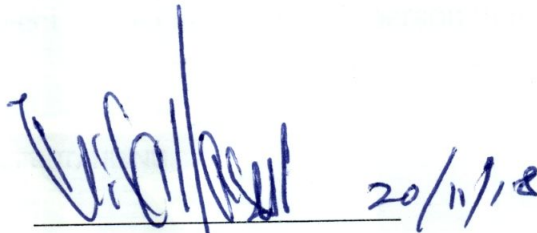
IN WITNESS WHEREOF, the Parties, each acting through their duly authorized representatives, have signed this MOU, in a set of two original counterparts in the English language, on the day and year first above written.

FOR AND ON BEHALF OF THE
ISLAMIC RESEARCH AND TRAINING INSTITUTE



Dr. Humayon Dar
DIRECTOR GENERAL

FOR AND ON BEHALF OF THE
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN



Bilal Rasul
EXECUTIVE DIRECTOR- HEAD OF ISLAMIC FINANCE DEPARTMENT

SCOPE AND AREAS OF COOPERATION

1. The Parties intend to collaborate to undertake joint research and training activities in Islamic Banking and Finance to help develop technical capacity in Islamic Banking and Finance.
2. The Parties intend to share knowledge and information through organizing joint conferences, meetings, communications and other means.
3. The Parties intend to explore and may cooperate in other areas as may be mutually agreed between the Parties.

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