



## **Memorandum of Understanding**

for the

**Establishment, Operation and Administration of a  
Virtual One-Stop Shop for Company Registration**

Between

1. The Securities and Exchange Commission of Pakistan;
2. The Federal Board of Revenue; and
3. The Employees' Old Age Benefits Institution

**Signed on this 19<sup>th</sup> Day of December, 2013**

This MoU consists of eleven (11) pages including the Schedules thereto)

## 1. PARTIES

1.1. This Memorandum of Understanding ("MoU") is made and entered into by and between the Securities and Exchange Commission of Pakistan ("SECP"), the Federal Board of Revenue ("FBR"), and the Employees' Old Age Benefits Institution ("EOBI").

### 1.2. WHEREAS:

- i. The SECP was established under the Securities and Exchange Commission of Pakistan Act, 1997 for the beneficial regulation of the capital markets and superintendence and control of corporate entities;
- ii. The FBR was established under the Federal Board of Revenue Act, 2007 and is responsible for the formulation and administration of fiscal policy, levy and collection of federal taxes; and
- iii. The EOBI was established under the Employees' Old Age Benefits Institution Act, 1976, and is responsible for the promotion of social and economic well-being by providing for compulsory Social Insurance.

## 2. DEFINITIONS: For the purposes of this MoU:

2.1 **ERU** means the Economic Reforms Unit of the Finance Division, Government of Pakistan;

2.2 **JMC** means the Joint Management Committee;

2.3 **Party** means EOBI, FBR or SECP, as the case may be;

2.4 **Parties** means the EOBI, FBR and SECP collectively;

2.5 **OSS** means a virtual one-stop shop for integrating company registration, income tax registration and EOBI registration processes to be followed in relation to the Parties;

2.6 **TWC** means the Technical Working Committee

## 3. GENERAL PROVISIONS:

**NOW, THEREFORE**, the Parties, while recognizing the need for mutual cooperation and coordination for the establishment of a OSS for simplification of company registration processes in Pakistan, and with the objective of reducing the time and cost for registration of new companies; have agreed on the following:

- 3.1. This MoU shall lay down the roles and responsibilities of the Parties and serve as a statement of intent to collaborate, cooperate and share information and services in connection with the establishment, operation and administration of a OSS, as mutually agreed by the Parties.
- 3.2. Nothing in this MoU shall modify in any way the ability and responsibility of the Parties to enforce their respective statutes, rules and regulations.
- 3.3. The Parties may consult and revise the terms of this MoU in the event of a substantial change in their respective laws, practices, market or business conditions affecting the operation of this MoU, or to provide for better cooperation and coordination between the Parties in respect of the operations of the OSS.
- 3.4. No changes shall be made to this MoU other than with the written consent of all Parties.

**4. COMPOSITION AND FUNCTIONS OF THE JMC:**

4.1. Upon signing of this MoU, a JMC shall be constituted, comprising of one authorized officer of each Party (not below the level of BPS 20 or equivalent), and chaired by the Director General of the ERU.

4.2. The JMC shall —

- i. Meet at least once a month till the OSS goes live, to oversee the development of the OSS and ensure coordination amongst the Parties;
- ii. Meet at least once a quarter after the OSS System is operational to oversee its functioning, the performance of the TMC and suggest improvements, if needed;

*Provided that* any Member of the JMC can request the Chair in writing at any time to call an emergent meeting for the resolution of disputes or any other emergent matter which may arise.

- iii. Approve the terms of reference and specifications suggested by the TWC for the appointment/engagement of third party vendors and information technology consultants with respect to the design and implementation of the OSS system;
- iv. Provide guidance in implementing the OSS arrangement in respect of issues incidental or ancillary to the proposed system;
- v. Issue necessary instructions to the Parties involved in the implementation and administration of the proposed system through the office of the Chairman of the JMC; and

- vi. Resolve any difference of opinion or disagreement which may arise between the Parties regarding establishment and operations of the OSS.
- 4.3. The ERU shall provide secretarial support to the JMC.

**5. COMPOSITION AND FUNCTIONS OF THE TWC:**

- 5.1. Within five (5) working days from the signing of this MoU, the Parties shall nominate two officers each, i.e. one person with expertise in operational matters and one person with expertise in information technology modalities pertaining to the establishment of the OSS, to constitute the TWC.
- 5.2. The TWC shall, within two (2) weeks of nomination, develop the terms of reference of a OSS Project Manager who will be hired or nominated within one (1) month of the finalization of the terms of reference, and who will be part of the TWC for the tenure of his engagement. The OSS Project Manager shall manage OSS development, implementation and post-implementation support.

*Provided that* the services of the OSS Project Manager shall be retained for at least six (6) months after the OSS System goes live and shall be extendable if required.

- 5.3. The TWC shall be chaired in rotation for a period of four (4) months by the FBR, SECP and EOBI in that order.
- 5.4. The TWC shall —
  - i. Be responsible for carrying out final design, implementation, information security and operations management of the OSS systems;
  - ii. Assess the hardware and software requirements as well as the enterprise architecture of the OSS system for the Parties in consultation with the application developer, while keeping in view the potential for inclusion of other authorities in the OSS system in future;
  - iii. Agree on the information elements common in OSS and the ownership of each of these elements;
  - iv. Agree on the standards that will be used for the data elements, as well as the labels and formats for how such data is entered and stored in the OSS;
  - v. Agree on the mapping of each data element between the OSS and the Parties;



- vi. Ensure that the authorization and authentication protocols for OSS are acceptable to the Parties and that each user has only one user account that can be used for all online services of the Parties;
- vii. Suggest revision of the existing company registration processes to facilitate the OSS, with the aim to remove unnecessary steps and simplify the remaining steps, making sure that the OSS is the hub for company registration and no additional obligations are introduced;
- viii. Agree on the technologies, such as tools and formats, for the exchange of data;
- ix. Agree on the terms of reference for the OSS Project Manager and the Vendor(s);
- x. Agree on how to provide customer support for the OSS, i.e. who has the responsibility, which are the channels and what are the timings for customer support, making online guidance of the OSS available 24/7 for use, and possible to download;
- xi. Decide about the business layer of the OSS architecture, including decisions about inclusion of data generating / consuming partners, ownership of data, authorization of access to data etc.; and
- xii. Devise a strategy for the training and capacity building of human resources of the Parties.

5.5. The SECP, being the hosting party of the OSS System in terms of clause 8 of this MoU, shall provide secretarial support to the TWC.

## 6. VENDOR(S):

- 6.1. The Vendor(s) with past experience of relevant software development shall be hired for OSS development, implementation and post-implementation support. The terms of reference for the vendor(s) shall, *inter-alia*, include:
  - i. Development of technical platform and solution for the OSS, taking into consideration the following:
    - a. Analysis
    - b. Implementation design
    - c. Server platform
    - d. Application and database platforms
    - e. Back-end data interchange
    - f. Network communications

- g. Information security, encompassing access controls, log monitoring and maintenance, configuration and patching, operational change management, disaster management, and data backup upgrades requirement
  - ii. Creation of database, application, web services, etc.;
  - iii. Implementation of common forms and common information;
  - iv. Including registration of new companies, issuance of National Tax Number, provision of EOBI registration;
  - v. Analysis and adaptation of the systems of the SECP, FBR and EOBI in order to be able to use data made available by the OSS; and
  - vi. Development of a solution regarding digital signature, authorisation and authentication for the OSS.
- 6.2. The vendor(s) shall be tasked with implementation of security management system to secure the data, systems, software and networks. The terms of reference for the consultant shall, *inter-alia*, include development of relevant information security policies based upon international standards for the system as well as its managers and users.

## **7. FINANCING**

- 7.1. ERU will coordinate with the development partners for technical assistance to meet the expenses for the establishment and maintenance of OSS as specified in Schedule A.
- 7.2. The cost of maintenance of OSS shall, for the first three (3) years, be met from the financing obtained from the Development Partner(s).
- 7.3. Within one year of its establishment, the JMC shall determine the financing mechanism of the OSS with respect to regular support and maintenance, software and hardware, network updates and any other changes required after three (3) years of the service going live;

## **8. HOSTING OF THE OSS SYSTEM:**

- 8.1. The Parties agree that the OSS system shall be hosted by the SECP because of its commitment to provide the requisite capacity to administer the OSS System setup.
- 8.2. In order to host the OSS System setup, the SECP agrees to ensure:
  - Space provision for at least one 42U rack;
  - Dedicated internet bandwidth for OSS Portal users;
  - Separate 2 mbps VPN link to connect with the EOBI and FBR;

- Clean UPS power;
- Power backup;
- Air conditioning;
- Humidity control;
- Fire protection mechanism;
- Physical security;
- At least one dedicated resource to continuously monitor the system;
- Commitment to provide support for the whole setup (database, application, hardware, network, security, power) in case of any issue, in coordination with EOBI and FBR; and
- Provision of remote access to EOBI and FBR for any relevant and authorized task, as and when required.

8.3. The requirement to procure any equipment to ensure that all conditions of hosting are met shall be specified in **Schedule A**.

## **9. SCOPE AND COVERAGE OF THE OSS**

9.1. The OSS arrangement shall apply in respect of the following procedures in registering a company:

### **With SECP**

Company Name Registration  
Company Incorporation

### **With FBR**

Income Tax Registration/National Tax Number

### **With EOBI**

Employer's Registration

## **10. STEPS TOWARDS ESTABLISHMENT OF THE OSS:**

- 10.1. The Parties agree to abide by the schedule of pertaining to the establishment of the OSS System as provided in **Schedule B**.
- 10.2. Any deviation from the timelines laid down in Schedule B shall be explained in writing and placed before the JMC for its information and consideration.

## **11. POST IMPLEMENTATION ROLES AND RESPONSIBILITIES OF THE PARTIES:**

11.1. The primary responsibility of the co-ordination between the Parties in respect of the OSS

System shall rest with the TWC.

11.2. The TWC shall decide the composition of a OSS System Maintenance Team, and task it with the responsibility of day to day monitoring and maintenance of the OSS System.

11.3. The OSS System Maintenance Team shall submit a report on the operations of the OSS System to the TWC at such periodic intervals as may be determined by the TWC.

## **12. TRAINING, DEVELOPMENT AND AWARENESS:**

12.1. The Parties shall be responsible to undertake training and capacity enhancement necessitated by the introduction of an OSS system. This may, *inter-alia*, require the following:

- i. Training of the staff responsible for providing customer support for the virtual OSS. The training shall focus on the procedures of company registration in Pakistan, how to use the OSS and how the OSS provides information to several public authorities;
- ii. Capacity enhancement of the Parties shall be carried out in terms of the recommended ICT infrastructure and related technical trainings;
- iii. Capacity enhancement of the Parties shall be carried out in terms of its systems configurations for web-services communications as well for their technical resources to access the data; and
- iv. Capacity enhancement of “data entry facilitators” shall be carried out in order to learn the operations of the OSS interface.

12.2. The Parties shall develop a plan for public awareness of the OSS system in consultation with the JMC within three (3) of the signing of this MoU. The awareness plan shall focus on the benefits expected from reforming company registration and reasons for introducing the OSS in Pakistan. The plan shall take into consideration the channels that are appropriate in order to reach the entire business community in Pakistan.

## **13. OBLIGATION OF CONFIDENTIALITY AND INFORMATION SHARING:**

13.1. To the extent permitted by applicable laws and in accordance with the regulations of the respective Parties, the Parties shall establish and maintain such safeguards as are necessary and appropriate to maintain the confidentiality of all non-public information and services obtained under this MoU.

13.2. None of the Parties shall furnish to any third party or make public any information or portions thereof or make public use of the non-public information obtained from any other Party under this MoU without prior written approval of the latter Party.

13.3. Nothing in this MoU shall be deemed to oblige the Parties to create or maintain any information and sharing of services except in the manner provided under the respective



legislation governing the parties.

#### 14. MISCELLANEOUS:

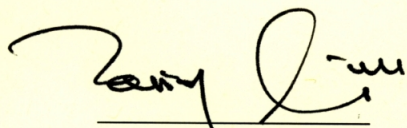
- 14.1. The Parties shall strategize ways and means to expand the scope of OSS so as to include non-corporate business entities as well as other regulatory authorities in the virtual and/or physical modes, in active consultation with the ERU.
- 14.2. Each Party shall inform each other of any major relevant legal and policy changes which are likely to have a bearing on the industry, product or regulatory/supervisory responsibilities relating to the registration mechanism under the jurisdiction of the respective Party.
- 14.3. The Parties shall make their best efforts to ensure that they have unanimity of views on major relevant policy issues concerning the sectors/areas under their respective jurisdictions while making any representation to the Government, or other stakeholders.

#### 15. DISPUTE RESOLUTION:

- 15.1. In the event that any dispute arises between the Parties concerning the interpretation of this MoU or arising out of the operations of the OSS or any other matter arising under it, the Parties shall endeavor to amicably resolve such differences within thirty (30) working days of the dispute arising, and in the event of failure, the matter shall be referred to the JMC for its resolution.

#### 16. EFFECTIVE DATE:

- 16.1. This MoU shall become effective on the day it is signed by the Parties and shall continue to remain in effect, unless superseded by an agreement to expand the scope of the OSS.
- 16.2. In case this MoU is no longer effective, all the information and services provided under this MoU shall remain confidential and will be treated in accordance with the relevant provisions of this MoU and the applicable laws.



Authorized Signatory  
on behalf of

Federal Board of Revenue  
**Tariq Bajwa**  
Chairman  
Federal Board of Revenue  
Islamabad



Authorized Signatory  
on behalf of

Securities & Exchange  
Commission of Pakistan

**TAHIR MAHMOOD**  
Commissioner (CLD & IS&T)  
Securities and Exchange  
Commission of Pakistan  
Islamabad



Authorized Signatory  
on behalf of

Employees' Old Age Benefits  
Institution

**MUHAMMAD AYUB SHAIKH**  
Chairman  
Employees Old-Age Benefits Institution  
Ministry of Overseas Pakistanis  
& Human Resource Development  
Government of Pakistan



## Schedule A

### List of Expenses for Establishment and Maintenance of OSS

| No.  | Item  | Cost (%) |
|--|---|----------|
| <b>Capital Costs</b>   |   |          |
| Hardware   |   |          |
| 1  | Central Repository Server (SECP)                            | 20%      |
| 2  | Message Queuing Server (FBR & EOBI)                         |          |
| Software Licenses  |   |          |
| 3  | Portal & Application Server                                 | 10%      |
| 4  | Database Server   |          |
| 5  | Message Queuing Software                                    |          |
| Software Development, Information Security Implementation & Training |   |          |
| 6  | Vendor for Application development and Information Security | 20%      |
| 7  | Training  |          |
| <b>Recurring Costs (3 Years)</b>                                     |   |          |
| Network Connectivity (3 year cost)                                   |   |          |
| 8  | Hardware Maintenance  | 50%      |
| 9  | Software Maintenance  |          |
| 10   | Software License Renewals                                   |          |
| 11   | VPN connectivity  |          |

**SCHEDULE B – WORKPLAN FOR IMPLEMENTATION OF OSS**

| STEP                                       | TIMELINE |     |     |     |     |     |     |     |     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | RELEVANT PARTY       |
|--|----------|-----|-----|-----|-----|-----|-----|-----|-----|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|----------------------|
|  | W 1      | W 2 | W 3 | W 4 | W 5 | W 6 | W 7 | W 8 | W 9 | W 10 | W 11 | W 12 | W 13 | W 14 | W 15 | W 16 | W 17 | W 18 | W 19 | W 20 | W 21 | W 22 | W 23 | W 24 | W 25 | W 26 | W 27 | W 28 |                      |
| Signing of MoU                             | ✓        |     |     |     |     |     |     |     |     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | Parties              |
| Constitution of JMC                        | ✓        |     |     |     |     |     |     |     |     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | Parties              |
| Constitution of TWC                        |          | ✓   |     |     |     |     |     |     |     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | Parties/JMC          |
| Development of OSS Project Manager ToRs    |          |     | ✓   | ✓   |     |     |     |     |     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | TWC                  |
| Development of Public Awareness Plan       | ✓        | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓    | ✓    | ✓    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | Parties              |
| Hiring/nomination of OSS Project Manager   |          |     |     |     | ✓   | ✓   | ✓   | ✓   |     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | Development Partners |
| Identificati on of Hardware Specifications |          |     |     |     |     |     |     |     | ✓   | ✓    | ✓    | ✓    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | TWC                  |
| Identificati on of Software Specifications |          |     |     |     |     |     |     |     | ✓   | ✓    | ✓    | ✓    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | TWC                  |
| Development of Vendor(s) ToR's             |          |     |     |     |     |     |     |     | ✓   | ✓    | ✓    | ✓    |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | TWC                  |
| Procurement of Hardware                    |          |     |     |     |     |     |     |     |     |      |      |      | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    |      |      |      |      |      |      |      |      | Development Partners |
| Development of OSS Software                |          |     |     |     |     |     |     |     |     |      |      |      | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    |      |      |      |      | Vendor(s) and TWC    |
| Testing of Software                        |          |     |     |     |     |     |     |     |     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | ✓    | ✓    | ✓    | Vendor(s) and TWC    |
| Training of Personnel                      |          |     |     |     |     |     |     |     |     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | ✓    | ✓    | ✓    | TWC                  |
| Go Live                                    |          |     |     |     |     |     |     |     |     |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      | ✓    | TWC                  |