

MEMORANDUM OF UNDERSTANDING

between

**KARACHI CENTRE FOR DISPUTE
RESOLUTION**

and

**SECURITIES & EXCHANGE COMMISSION OF
PAKISTAN**

Dated: November 15, 2012



MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING (“MoU”) dated November 15, 2012 is agreed between the Securities and Exchange Commission of Pakistan (“SECP”) and Karachi Centre for Dispute Resolution (“KCDR”), herein referred to collectively as the “Parties”.

PREAMBLE

THAT the Parties are desirous of defining a framework of cooperation with each other and developing and implementing a strategy for encouraging and facilitating corporate entities and their members and creditors; persons who are part of or connected with the Financial markets including investors, insurance policy holders, and persons providing services in financial market and regulated by the SECP, excluding persons exclusively regulated by the State Bank of Pakistan, (collectively referred to as the “Relevant Persons”) to adopt Mediation as an efficient, effective, low cost alternative to judicial and quasi-judicial proceedings aimed at resolving inter-party disputes amongst the Relevant Persons.

WHEREAS, the scope of work of both parties is specified as under:-

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

The SECP has been established in pursuance of the Securities and Exchange Commission of Pakistan Act 1997 for the beneficial regulation and encouragement of the organised development of the capital markets, insurance sector, specialised companies, and superintendence and control of corporate entities and for matters connected therewith and incidental thereto.

KARACHI CENTRE FOR DISPUTE RESOLUTION (KCDR)

KCDR, a Society registered as Not for Profit under Society Registration Act, 1860, started operations in Karachi, in February 2007. The Centre, first of its kind in Pakistan, follows international standard rules and code of ethics governing mediation proceedings. KCDR is offering Mediation as an institutionalized alternative dispute resolution (ADR) mechanism. This option is available to the parties whose Commercial cases are either pending before a court/ judicial forum, or who have not yet filed a case in the Court. KCDR has been established with the assistance and support of the High Court of Sindh and the International Finance Corporation/World Bank Group.

WHEREAS; in accordance with their respective interests and objectives, both parties are willing to cooperate with each other and to actively facilitate each other, and;

RECOGNISING the possibilities and potentials of mutual cooperation to encourage and facilitate Relevant Persons towards mediation as a preferable method of dispute resolution amongst themselves, and;

REALIZING the need to facilitate Relevant Persons to resolve their inter party disputes through Mediation;



SECP and KCDR reached the following protocol of cooperation/memorandum of understanding:-

WHEREAS:

- 1) KCDR is providing and promoting the use of Alternate Dispute Resolution (ADR) mechanisms for resolution of disputes, including mediation by litigants and disputants so that disputes are resolved out of court and burden of caseload on judiciary is reduced thereby reducing time and cost of dispute resolution for litigants and disputants and increasing the efficiency of courts.
- 2) It is imperative to reduce the cost of dispute resolution for Relevant Persons.
- 3) It is paramount to institutionalize mediation in Pakistan due to demand for such services and align with Pakistan's economic objectives of attracting foreign investment and promoting ADR Centres established in Pakistan. Mediation can grow and flourish with..required interventions and support of SECP.
- 4) SECP is keen to facilitate Relevant Persons in their inter-party disputes if they wish to resolve them through Mediation.
- 5) In accordance with their respective interests and objectives, SECP and the KCDR are willing to cooperate with each other to actively promote and demonstrably improve dispute settlement processes for the Regulated Sectors.

NOW, THEREFORE, in recognition of their interests and objectives, SECP and KCDR hereby confirm their mutual understanding of the following:

SECTION I: SCOPE OF COOPERATION, ROLES AND RESPONSIBILITIES

1. Roles/Responsibilities of KCDR:

- a. KCDR will designate a focal person(s)/ team responsible for one-window coordination with regards to co-ordinating with the SECP in terms of this MOU during office hours (9 am to 5 pm, Monday to Saturday). The name(s) of the concerned focal person(s) will be intimated on signing of this MoU.
- b. KDCR will intimate fortnightly to the assigned SECP's Focal Person, the summary of communications with the Relevant Persons and any issues resulting forthwith.

2. Roles/Responsibilities of SECP:

- a. SECP shall appoint a permanent member of its senior staff to serve as focal point for execution of this MoU.



- b. SECP shall refer inter-party disputes among Relevant Persons to an accredited mediator for amicable settlement through mediation.
 - c. SECP shall encourage the Relevant Persons to use mediation for settlement of disputes.
 - d. SECP shall issue a circular to the Relevant Persons on the use of mediation for resolution of disputes.
 - e. SECP shall encourage its Relevant Persons to incorporate a mediation clause in their inter-party agreements, including memorandum and articles of associations of corporate entities, insurance policies etc.
3. Joint Roles/Responsibilities of KCDR and SECP:
- a. Both Parties shall establish an effective consultation, co-operation and the exchange of information on ADR.
 - b. Both Parties shall work together to regularly train employees of the SECP to effectively refer investor disputes to mediation where possible.
 - c. Both parties, with mutual understanding, consent and convenience, shall jointly hold awareness events in the form of seminars, workshops, and conferences for the Relevant Persons.
 - d. Both parties will establish web-links through their respective websites and shall allow the use of promotional material on their websites and other publications.
 - e. Both parties, with mutual understanding and consent, will publish meaningful or desired information in their respective newsletters/ bulletins.
 - f. Both Parties shall each use their best endeavours to ensure that mutual assistance is provided in terms of this MoU and engage in discussions, as appropriate, on mutually agreeable approaches designed to enhance the use of Mediation for Relevant Persons.
 - g. Both Parties shall carry out their respective roles and responsibilities with due diligence and in a professional manner, and with due regard to the applicable laws and regulations. Neither Party shall have any liability to the other for non-performance of any services under this MoU to the extent that any such performance would result in the breach of applicable laws and regulations.

SECTION II: EFFECTIVENESS OF COOPERATION BETWEEN SECP AND KCDR

4. SECP and KCDR agree to implement the MoU from the date this MoU enters into force and duration of the MoU is for three (3) years.

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SECTION III: TERMINATION

5. This MoU may be terminated by either party at any time, with or without cause, without incurring liability whatsoever to each other, but with the obligation to inform the other party of such termination in writing, at least (30) days before hand.

SECTION IV: LIABILITY OF PARTIES

6. To the extent that the performance by both parties of any of the services contemplated in this MoU is delayed or prevented by causes beyond its reasonable control including, but not limited to, acts of God, acts of local government and authorities, Provincial Governments, or Federal Government or any instrumentality thereof, strikes, civil commotion etc., both parties shall not be in default of their obligations stated under this MoU.

SECTION V: NON-EXCLUSIVITY

7. This MoU is not exclusive in any way or manner. Both parties are at liberty to sign and make identical MoUs with other institutions of their choice.

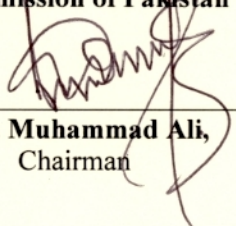
SECTION VI: AMENDMENTS

8. This MoU may be amended or modified through mutual consent of SECP and KCDR in writing.

This MoU is executed in counterparts (each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement) and shall become effective when both counterparts have been signed by each of the parties and delivered to the other party.

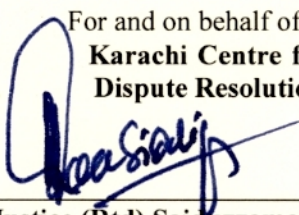
Signed on November 15, 2012, between the Securities and Exchange Commission of Pakistan and the Karachi Centre for Dispute Resolution, at Islamabad, Pakistan.

For and on behalf of the
**Securities and Exchange
Commission of Pakistan**



Mr. Muhammad Ali,
Chairman

For and on behalf of the
**Karachi Centre for
Dispute Resolution**



Justice (Rtd) Saiduzzaman Siddiqui
President

APPENDIX A

The Requested party's contact officers pursuant to Section 1.1 of this Memorandum of Understanding are:

FOR THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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FOR THE KARACHI CENTRE FOR DISPUTE RESOLUTION

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