

Government of Pakistan
Securities and Exchange Commission of Pakistan

Islamabad, the 21st February, 2025

NOTIFICATION

S.R.O.244(I)/2025.- The following draft amendments to Professional Clearing Members Regulations, 2020, proposed to be made by Securities and Exchange Commission of Pakistan in exercise of the powers conferred by section 169 read with sections 68, 69, 75, 78, 79, 80 and 82 of the Securities Act, 2015 (III of 2015), are hereby published for the information of all persons likely to be affected thereby and notice is hereby given that objections or suggestions, if any, received by the Commission within fourteen days from the date of placement of the draft amendments on the website of the Commission may be taken into consideration, namely:-

DRAFT AMENDMENTS

In the aforesaid Regulations, -

- (1) in regulation 4, in sub-regulation (1), for the expression “non-fundable” the expression “non-refundable” shall be substituted;
- (2) in regulation 7, -
 - (a) in clause (a), the expression “or private” shall be omitted;
 - (b) in clause (c), after the expression “its”, the expression “Chief Executive Officer,” shall be inserted;
 - (c) in clause (c), after the word “are” the expressions “at all times” shall be inserted;
- (3) in regulation 8, -
 - (a) in sub-regulation (1), after the expression “information” a comma will be inserted and the expression “and” shall be omitted;

(b) in sub-regulation (1), after the expression “Annexure C” the expression “and receipt evidencing payment of non-refundable fee of such amount as specified in “Annexure B”” shall be inserted;

(4) in regulation 11, in sub-regulation (1), -

(a) for clause (c), the following shall be substituted, namely: -

“(c) facilitate its customer at the time of onboarding and maintain custody of relevant records to comply with the Know Your Customer and Customer Due Diligence requirements in accordance with the relevant regulatory framework:

Provided that the ultimate responsibility for reporting and compliance remains with each respective Securities Broker;”;

(b) after clause (e) the following new clauses shall be inserted, namely: -

“(f) place reports/information in respect of the following on its website: -

- (i) Audited annual financial statements along with pattern of shareholding, directors’ report;
- (ii) Quarterly financial statements;
- (iii) List of active securities brokers onboarded with PCM;
- (iv) List of suspended, restricted or terminated securities brokers onboarded with PCM; and
- (v) Circulars/notices relating to PCM and securities brokers onboarded with PCM.

(g) provide necessary reports or information as may be required by securities exchange, clearing house, central depository, Oversight Committee or the Commission for the purpose of any enquiry or inspection.”;

- (5) in regulation 12, for the word “licensed” the expression “licensed/registered” shall be substituted;
- (6) in regulation 13, for the word “licensed” the expression “licensed/registered” shall be substituted;
- (7) in regulation 14, at the end the expression “in accordance with the deposits, fees and charges approved by its board of directors from time to time” shall be inserted;
- (8) in regulation 16, -
- (a) for sub-regulation (1), the following shall be substituted, namely:-
- “(1) A professional clearing member licensed/registered under these regulations shall appoint its auditor from the list of approved auditors as notified by the Commission.”;
- (b) after sub-regulation (2), the following new sub-regulation shall be inserted, namely: -
- “(3) For the purposes of the audit specified in sub-regulation (1) and (2), the PCM shall rotate its auditor after every five years.”
- (9) for regulation 17, the following shall be substituted, namely: -
- “17. Chief compliance officer.** – (1) The professional clearing member shall have a chief compliance officer, who shall be a fit and proper person, to oversee compliance function of the professional clearing member.
- (2) The chief compliance officer shall, submit a comprehensive report on semi-annual basis to the Board of Director and the Commission regarding matters reported during the respective period, corrective actions taken and their status.”

(10) after regulation 17, the following new regulation shall be inserted, namely: -

“17A. Appointment of chief executive officer.- (1) The appointment, renewal and termination of services of the chief executive officer of a professional clearing member shall be made with the prior approval of the Commission and for this purpose the term “removal and/or termination” shall include non-renewal of his/her contract.

(2) The board of directors of a professional clearing member shall determine the manner of appointment, terms and conditions of appointment and other procedural formalities associated with the selection/appointment of the chief executive officer.

(3) A chief executive officer shall be appointed by the professional clearing member through following process:

(a) the Board shall shortlist the names of three persons meeting the fit and proper criteria provided in these regulations and shall submit one name with its recommendation for approval of the Commission;

(b) the Commission may, if satisfied that such person is suitable for appointment by the professional clearing member as chief executive officer of the professional clearing member, grant its approval for the same:

Provided that, if the Commission is not satisfied with the suitability of the proposed person for appointment of chief executive officer, it may refer the matter back to the professional clearing member for proposing another name for consideration of the Commission.”;

(11) For Annexure B, the following shall be substituted, namely: -

**“Annexure B
Licensing and Renewal Fees***

PCM License/Registration Fee**

Rs.500,000

PCM annual renewal fee

Rs.100,000

* The above fees shall be deposited into the designated bank account of the Commission, along-with applicable collection charges.

**In case application for license/registration is refused by the Commission, half of the fee shall be refunded to the applicant.”; and

- (12) In Annexure D, in clause (b) in sub-clause (i) after paragraph (b), the words “Suitability of the chief executive officer shall be assessed by the Commission through interview prior to appointment.” shall be omitted.

[No. SY/SECP/8/13]


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