

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 14th October, 2022

NOTIFICATION

S.R.O. 1913 (I)/2022.- In exercise of the powers conferred under section 114 of the Futures Market Act, 2016 (XIV of 2016), the Securities and Exchange Commission of Pakistan is pleased to make the following amendments in the Futures Exchanges (Licensing and Operations) Regulations 2017, the same having been previously published vide S.R.O. 600(I)/2022 dated 11th May 2022, as required under sub-section (4) of said section 114, namely:-

AMENDMENTS

In the aforesaid Regulations, -

- (1) in regulation 5, in sub-regulation (2), in clause (v), for expression “which may be further amended only with prior approval of the Commission.” a colon shall be substituted and thereafter the following proviso shall be inserted, namely: -

“Provided that any consequential amendment in the segregation plan approved by the Commission pursuant to change in relevant regulatory framework may be carried out by the futures exchange with the approval of its board of directors.”

- (2) in regulation 19, in sub-regulation (8), for the expression “with prior approval of the Commission appoint an auditor” the expression “appoint an auditor enlisted within Category “A” of the State Bank of Pakistan’s Panel of Auditors for a period of three years” shall be substituted; and

- (3) after regulation 21, the following new regulation 22 shall be inserted, namely: -

“22. Obligations pertaining to handling of money and assets of futures brokers and their customers, -


The futures exchange shall, -

- (i) open one or more designated bank accounts with a scheduled bank in Pakistan for deposit of money belonging to futures brokers and their customers in such form and manner as may be specified by the futures exchange from time to time;
- (ii) not use assets belonging to futures brokers and their customers for any purpose other than as allowed under the Act or any rules or regulations made thereunder;

- (iii) ensure that the assets belonging to futures broker or their customers shall not form part of the assets of the futures exchange for any purpose;
- (iv) keep records of all amounts deposited into and paid from the designated bank account(s) on behalf of each futures broker and customer;
- (v) maintain record of balances of each futures broker and customer, stating name and the amount held or received for that futures broker or customer;
- (vi) if unutilized funds of futures broker or their customers are held in a profit-bearing bank account, pass on profit earned on these funds to the futures broker and their customers in proportion to their unutilized balance unless specified otherwise in writing by the futures broker or customer, after making contribution to the settlement guarantee fund at the rate approved by the Commission and deducting a service fee at the maximum rate approved by the Commission:

Provided that before deducting the service fee, the futures exchange currently utilizing any portion of profits on unutilized funds of futures brokers or their customers for any other purpose other than permitted under this Regulation shall gradually phase-out utilization of such an amount in equal proportion till June 30, 2025.”

[File No. SMD/SE/2(281)/2017]



(Bilal Rasul)

Secretary to the Commission