

Government of Pakistan
Securities and Exchange Commission of Pakistan

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Islamabad, 27th April, 2020

NOTIFICATION

S.R.O. 342 (I)/2020.- In exercise of the powers conferred by section 169 of the Securities Act, 2015 (III of 2015) and section 114 of the Futures Market Act, 2016 (XIV of 2016), the Securities and Exchange Commission of Pakistan hereby makes the following amendments to the Securities Brokers (Licensing and Operations) Regulations, 2016, the same having been previously published in the official Gazette vide S.R.O. No. 267(I)/2020 dated March 30, 2020, and also placed on its website as required under sub-section (4) of section 169 of the Securities Act, 2015 and sub-section (4) of section 114 of the Futures Market Act, 2016, namely:-

In the aforesaid Regulations, -

(1) In regulation 5A, sub-regulation (2), after the words *“to a specific category on or before July 15, 2020”* the following words shall be inserted, *“or such extended date as specified by the Commission”* and after the words *“respective category till September 30, 2020”* the following words shall be inserted, *“or such extended date as specified by the Commission”*.

(2) In regulation 5A, sub-regulation (3), after the words *“conversion to “Trading Only” category by July 15, 2020”* the following words shall be inserted, *“or such extended date as specified by the Commission”*.

(3) In regulation 5A, the proviso to sub-regulation (3) shall be substituted by the following, namely: -

“Provided further that till the time a professional clearing member is available the Trading Only Brokers shall be allowed to keep custody and settle trades of their customers.”

(4) In regulation 6, second proviso, after the words *“with the financial resource requirements till October 1, 2020”* the following words shall be inserted, *“or such extended date as specified by the Commission”*.

(5) In regulation 6, in sub-regulation (1A) the minimum net worth requirement for Trading and Self Clearing category in the table of *“75”* shall be substituted with *“50”*.

(6) In regulation 6, the first proviso to sub-regulation (1A) shall be substituted by the following, namely: -

“Provided that the minimum net worth requirement for Trading and Self Clearing category shall be increased to rupees 60 million with effect from

October 1, 2021 and shall be further increased to rupees 75 million with effect from October 1, 2022.”

(7) In regulation 6, in sub-regulation (1B) after the second proviso the following proviso shall be inserted, namely, -

“Provided further that in case of a Trading and Self Clearing Broker which does not obtain Broker Fiduciary Rating, the limit of assets under custody shall be 15 times of its net worth and the assets under custody shall not include proprietary assets and the assets owned by its sponsors, directors and their close relatives.”

(8) In regulation 6, sub-regulation (3) shall be substituted by the following, namely, -

“A securities broker shall file monthly statements of net capital balance and liquid capital with the securities exchange and clearing house computed in a manner specified in Schedule II and III respectively, immediately after coming into force of these regulations, and shall also submit statement of net capital balance reviewed by the statutory auditor of the securities broker in the manner specified as on close of second quarter of its year of accounts and shall also disclose the net capital balance in its annual audited financial statements in accordance with regulation 34.”

(9) In regulation 6, sub-regulation (4) shall be substituted by the following, namely, -

“The securities broker shall start maintaining minimum liquid capital as per such amounts and/or ratios and after such period of time as may be specified by the Commission and upon such specification by the Commission, the securities broker shall be required to disclose the calculation of liquid capital in its annual financial statements on and shall be required to submit statement of liquid capital reviewed by the statutory auditor of the securities broker in the manner specified as on close of second quarter of its year of accounts, and the requirement to maintain net capital balance, the requirement to submit monthly statements of net capital balance and the requirement to submit half yearly reviewed statements of net capital balance shall be discontinued.

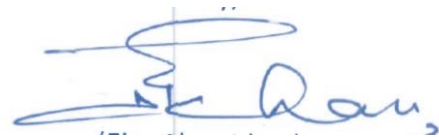
Provided that the above requirements to maintain the net capital balance or the liquid capital and to submit the statements of net capital balance and liquid capital shall not be applicable on a securities broker which has converted to Trading Only broker and has completely transferred its custody and clearing functions including proprietary.”

(10) In regulation 7, sub-regulation (4) clause (a) and (b) shall be omitted and clause (c), (d) and (e) shall be renumbered as (a), (b) and (c) respectively.

(11) In regulation 7, in renumbered clause (a) of sub-regulation (4) the following proviso shall be inserted, namely, -

“Provided that in case where the Trading and Self Clearing Broker has not obtained the Broker Fiduciary Rating, the reduced limits of assets under custody as provided in sub-regulation 1B of regulation 6 shall be applicable.”

[File No. SMD/SE/2(267)/2016]



(Ejaz Alam Khan)

Secretary to the Commission