

PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 15th June, 2023

S.R.O. 742 (I)/2023.- In exercise of powers conferred by sub-section (1) of section 169 of the Securities Act, 2015 (III of 2015) and sub-section (1) of section 114 of the Futures Market Act, 2016 (XIV of 2016), the Securities and Exchange Commission of Pakistan is hereby pleased to make the following amendments to the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017, the same having been previously published in the Official Gazette vide notification S.R.O. 812 (I)/2022 dated 17th June 2022, for public consultation, namely:-

AMENDMENTS

In the aforesaid Regulations, -

(1) in regulation 2,-

(a) in sub-regulation (1), -

(i) after clause (b), the following new clauses shall be added, namely: -

“(ba) “Distributor” for the purposes of these regulations, means a Securities Adviser licensed to undertake only the activity of distribution of units of Collective Investment Schemes (CIS) and/ or Voluntary Pension Fund (VPF) units of multiple Asset Management Companies (AMCs)/Pension Fund Managers (PFM) and includes such distribution through digital means;

(bb) “Electronic Money Institution” or “EMI” shall have the same meaning as assigned to it in clause 2 of Regulations for Electronic Money Institutions issued by the State Bank of Pakistan;”;

(ii) clause (c), (f) & (g) shall be substituted namely:-

(c) “Futures Act” means the Futures Market Act, 2016 (as amended or replaced from time to time);

(d) “Securities Act” means the Securities Act, 2015 (III of 2015) (as amended or replaced from time to time);

(g) Companies Act” means the Companies Act, 2017 (XIX of 2017) (as amended or replaced from time to time);

(b) in sub-regulation 2, after the expression “(XIX of 1997),” the expression “the Companies Act, and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003” shall be inserted;

(2) in regulation 3,-

(a) in para before 1st proviso, the word “and/or” shall be inserted after the word “securities adviser” wherever appearing.

(b) for the all the provisos, the following shall be substituted, namely: -

“Provided that in terms of section 2 (liii) (III) of the Securities Act, an NBFC duly licensed by the Commission for Investment Advisory Services under Part-VIIIA of the Companies Ordinance, 1984 (XLII of 1984) may act as securities adviser and/ or futures adviser without obtaining license under these regulations subject to:

(a) maintaining membership of an association of securities advisers and/or futures advisers and/or mutual funds, as the case may be, or any other association or self-regulatory organization, which is approved by the Commission for the purpose, and abides by the code of conduct specified by such association at all times;

(b) compliance with the regulatory requirements applicable on distribution of CIS and/or VPF units of multiple AMC/PFM”;

“Provided further that a Scheduled Bank, Microfinance Bank and EMI licensed by the State Bank of Pakistan, and a non-banking microfinance company licensed by the Commission, shall be eligible to undertake activities only to the extent of distributor without obtaining license as a securities adviser subject to compliance with these regulations and following requirements:

(i) at least 30 days before initiation of activities as a distributor prior intimation to the Commission shall be made in terms of Form-E, along with receipt evidencing payment of non-refundable fee of such amount as specified in Schedule I;

(ii) If the head of distribution function is different from CEO, submission of fit and proper criteria related documents as specified in Annexure A;

(iii) Within one month of the close of each financial year, ensure submission of Form-F confirming that it is compliant with the

requirements of these regulations along with evidence of payment of non-refundable fee of such amount as specified in Schedule I:

Provided also that a Scheduled Bank already licensed as a securities adviser performing activities as Distributor under these regulations shall not be required to apply for further renewal of license after coming into force of these regulations provided that it shall ensure compliance with clause (iii) of the above proviso.”;

- (3) in regulation 4,-
- (a) in the heading, the word “and/or” shall be inserted.
 - (b) in sub-regulation (1),-
 - (i) after the words “Commission for” the words “license to act as a” shall be inserted;
 - (ii) after the words “futures adviser” the word “license” shall be deleted;
 - (iii) in clause (a), after the expression “multiple AMCs” the expression “/Pension Fund Manager” shall be inserted;
 - (iv) clause (b) shall be omitted; and
 - (v) in clause (d), after the words “An individual” appearing at the start, the expression “not employed in a financial institution,” shall be inserted and thereafter the proviso shall be omitted;
 - (c) in sub-regulation (2),-
 - (i) in clause (a), after the word “Pakistan” the expression “, where applicable;” shall be inserted;
 - (ii) clause (b) shall be substituted with the following clause “its memorandum and articles of association allow it to apply for grant of license under the Securities Act or the Futures Act, as the case may be;”;
 - (iii) for clause (d), the following shall be substituted, namely: -

“(d) The change in sponsors shall not be affected without the prior written approval of the Commission”;
 - (iv) for clause (e), the following shall be substituted, namely: -

“The CEO or the head of advisory business shall have the requisite qualification, experience and certifications as specified at Annexure-A whereas other employees of the company shall obtain Mutual Fund Distribution Certification or where applicable Equity and Fixed Income Certification”;

- (v) in clause (g), after the word “futures advisers” the expression “and/or mutual funds,” shall be inserted;
- (vi) first proviso shall be omitted;
- (4) in regulation 5, in sub-regulation (1), after the word “securities adviser” the expression “and/” shall be inserted;
- (5) for regulation 6, the following shall be substituted, namely: -

“6. Financial Resources Requirement, - (1) A person applying for a license of Securities Adviser and/or Futures Adviser under these regulations shall maintain a minimum net worth of Rs. 1 million/- at all times in case of a company [and Rs. 500,000 in case of an individual.

(2) A person applying for a license of a distributor under these regulations shall maintain a minimum net worth of Rs. 500,000/- at all times in case of a company and Rs. 250,000 in case of an individual.”;

- (6) in regulation 8, in sub-regulation (2), for the word “Act” the expressions “Securities Act and/or the Futures Act, as the case may be,” shall be inserted and after the word securities adviser word “and/” shall be inserted;
- (7) in regulation 10,-
 - (a) in sub-regulation (3), after the word securities adviser word “and/” shall be inserted and for the word “Act” the expression “Securities Act and/ or Futures Act” shall be substituted;
 - (b) after sub-regulation (4), the following new sub-regulation shall be inserted, namely: -

“(5) A Scheduled Bank, Microfinance Bank, EMI licensed by the State of Bank of Pakistan and non-banking microfinance company licensed by the Commission performing distribution function under securities adviser license shall become ineligible to act as a distributor if it is non-compliant with any of the requirements of these Regulations including non-submission of applicable Forms or fee(s).”;

- (8) in regulation 11, after sub-regulation (2), the following new sub-regulations shall be added, namely: -

“(3) it discloses the list/ types of investment products it offers;

(4) A distributor shall ensure that it clearly specifies that it is only acting as a distributor and shall not use the nomenclatures such as Investment Advisor, Securities Adviser, Futures Advisor or any other similar name, without obtaining requisite license from the Commission.”

(9) in regulation 12, in sub-regulation (6), for the proviso, the following shall be substituted, namely: -

“Provided that requirements of Regulation 12 shall not be applicable in case of distributors.”

(10) in regulation 13,-

(a) for sub-regulation (4), the following shall be substituted, namely: -

“(4) A securities adviser and/or futures adviser shall disclose to the customer any actual or potential conflicts of interest arising from any connection to or association with any issuer of securities or AMC and/ or Pension Fund Manager, including any material information or facts that might compromise its objectivity or independence in carrying on activities as a securities and/or futures adviser.”

(b) for sub-regulations (6), the following shall be substituted, namely: -

“(6) A securities adviser and/or futures adviser shall, before recommending the services of a securities broker, futures broker, AMC and/or Pension Fund Manager or other licensed persons to a customer, disclose any consideration by way of remuneration or compensation or in any other form whatsoever, if any, received or receivable by the securities adviser and/or futures adviser, if the customer desires to avail the services of such intermediary.”

(c) for sub-regulations (7) (8) and (9), the following shall be substituted, namely:-

“(7) If a securities adviser and/or futures adviser has any interest or holding any position in the securities, futures contracts, portfolio of securities or units of CIS and/ or VPF which are subject matter of advice to a customer, it shall make disclosure of such fact to the customer.

(8) the securities adviser and/or futures adviser shall ensure that its activities as securities adviser and/or futures adviser are clearly segregated from all its other activities if the securities adviser or futures adviser is also engaged in any other activities/ services.

- (9) In case of a company, the securities adviser and/or futures adviser shall ensure segregation, including establishing ‘Chinese walls’, between its proprietary trading and activities as securities adviser and/or futures adviser.”
- (11) in regulation 15, for the proviso at the end, the following shall be substituted, namely: -
- “Provided that distributor shall use the risk profiling criteria of that AMC and/or Pension Fund Manager whose CIS and/or VPF units are being distributed.”;
- (12) in regulation 16, after clause (d), the following new clauses shall be inserted, namely: -
- “(e) It has governance, risk management and supervision mechanism regarding customer profiling and asset allocation including but not limited to personal information, investment objective, risk tolerance, financial situation, investment experience, ongoing assessment, diversification, rebalancing, market conditions and investment policy statement;
- (f) It acts diligently and carefully in providing any advice and its advice and recommendations are unbiased and are based on thorough analysis and after considering available alternatives;
- (g) tools including but not limited to portfolio diversification analysis, value-at-risk model and scenario analysis are available for assessing investor concentration risk.”
- (13) in regulation 18,-
- (a) in sub-regulation (1),-
- (i) in clause (c), after the expression “AMC” the expression “and/or Pension Fund Manager” shall be inserted;
- (vii) in clause (d), after the expression “AMC” the expression “and/or Pension Fund Manager” shall be inserted;
- (viii) for clause (e) the following shall be substituted, namely:-
- “(e) in case securities adviser is engaged in distributing CIS and/or VPF units of an AMC and/or Pension Fund Manager, it shall disclose the same to its customers and shall not charge any advisory fee for distribution services from its customers in respect of investment in such CIS and/or VPF units;”

(ix) in clause (o), for the proviso the following shall be substituted, namely:-

(x) “(o) Provided that this condition shall not be applicable in case of distributors.”

(xi) for clause (u) the following shall be substituted, namely: -

“(u) in case of distribution of CIS and/or VPF Units maintain copies of contracts with the AMCs and/or Pension Fund Managers; and

(xii) clause (v) shall be omitted; and

(xiii) after clause (v), the following new clauses shall be inserted, namely: -

“(w) enter into a standardized distribution agreement with the asset management company as per Annexure C of the Regulations;

(x) in case distribution services are provided through digital means, ensure compliance with the “Guidelines for Mutual Fund Digital Distribution Platform” issued by the Commission and any other circulars/guidelines for data protection and cyber security as may be issued and made applicable for such distributors by the Commission, from time to time;

(y) in case any services are provided through digital means, ensure that the Commission is informed at least fifteen (15) days prior to launch of any advisory/distribution platform, website, online application or any other channels such as social media accounts etc. along with confirmation that such digital channel is fully compliant with the Securities Act, Futures Act, Companies Act, circulars and guidelines issued by the Commission, from time to time:

(xiv) after new clause (y), the following new proviso shall be inserted, namely: -

“Provided that securities adviser and/or futures adviser already providing services through digital means shall submit information regarding any such currently operational channels to the Commission within thirty (30) days of coming into effect of this regulation.”

(14) for regulation 19, the following shall be substituted, namely: -

“19. General. - These obligations and duties of a securities adviser and/or futures adviser under these regulations with respect to audit and accounts are in addition

to the requirements of the Companies Act, the rules and regulations made thereunder and any directives issued thereunder.

Provided that in case of a, scheduled bank, microfinance bank, EMI, non-banking microfinance company, the requirements of this chapter shall not be applicable except regulation 24.”

(15) in regulation 20,-

(a) in sub-regulation (1), after the word “company”, the expression “and individual” shall be inserted and thereafter the word “security adviser” the expression “and/” shall be inserted;

(b) in sub-regulation (2), for the word “Ordinance” the words “Companies Act” shall be substituted and after the word “securities adviser” the expression and/” shall be inserted;

(16) in regulation 21,-

(a) in sub-regulation (1),-

(i) after the word “security adviser” wherever appearing, the expression “and/” shall be inserted;

(ii) for the word “Ordinance” the words “Companies Act” shall be substituted;

(17) in regulation 22, in sub-regulation (1),-

(a) after the word “securities adviser” the expression “and/” shall be inserted;

(b) for the word “Securities Act” the expression “and/” and for the word “Ordinance” the words “Companies Act” shall be substituted;

(18) in regulation 24, for sub-regulation (1) the following shall be substituted, namely:-

“(1) In case of a company, the Securities Adviser and/or Futures Adviser along with its financial statements and in case of an individual, the Securities Adviser and/or Futures Adviser shall submit within four months after the end of each financial year such information as specified by the Commission.”

(19) in Annexure A,-

(a) in the heading, for the expression “[see regulation 4(c)]” the expression “[see regulation 4(2)(c)] shall be substituted ”;

(b) in the section “Application and Scope”,-

(i) in clause (b),-

(I) in paragraph 3,-

(A) the expression “of CIS and/or VPF units of multiple AMCs,” shall be omitted;

(B) for the expression “CIS/VPF advisory” the expression “distribution”; shall be substituted

(C) for sub-paragraph (a), the following shall be substituted, namely: -

“(a) a CFA Charter holder, or CFA level-I or a graduate in finance, accountancy, business management, commerce, economics, capital market, financial services or any other discipline from a university recognized by the Higher Education Commission of Pakistan, or equivalent, along-with an experience of two years, however, experience requirement will not be applicable on applicant who is a CFA Charter Holder or possesses Master degree in the disciplines as stated above;”

(D) 2nd proviso shall be omitted;

(II) for 2nd paragraph 3, the following shall be substituted, namely:-

“(4) A company desirous of obtaining licence as a securities adviser and/or futures adviser must conduct appropriate background checks of its employees directly involved in these functions and ensure that:”;

(III) existing paragraph 4, shall be renumbered as 5 and thereafter after the word “securities adviser” the expression “and/” shall be inserted;

(ii) in clause (d),-

(a) in paragraph (iii), for the expression “Section 263 or Section 265 of the Companies Ordinance, 1984,” the expression “Section 256 or Section 257 of the Companies Act, 2017,” shall be substituted;

(b) after paragraph (ix), the following new paragraph shall be inserted, namely: -

“(x) No investigation is initiated by any Law Enforcement Agency (LEA) against the person and in case any investigation has been initiated, the fact must be disclosed.”;

(c) for the “Note” the following shall be substituted, namely: -

Note:

I. In case of any ambiguity in determination of fitness and propriety of a person in terms of this criteria, the decision of the Commission shall be final and binding upon the securities adviser/futures adviser.

II. In case Scheduled Bank, or Microfinance Bank is carrying out activities as distributor the fit and proper criteria shall be applicable to the extent of requisite qualification, experience and certification requirements on the head of distribution function, if other than the CEO, however the fit and proper criteria shall not apply if the CEO himself is the head of distribution function.

In case of an EMI or Non-Banking Microfinance Company carrying out activities as distributor, the CEO shall only be required to comply with the certification requirements as provided in the fit and proper criteria, whereas the head of distribution function, if different from CEO shall be required to comply with the fit and proper criteria to the extent of requisite qualification, experience and certification requirements.

III. Along-with the application for licence for securities adviser/futures adviser:

for the table the following shall be substituted, namely: -

“Information to be provided by the applicant, or where applicable its individual sponsors, directors and chief executive

___ (name of the applicant/sponsor/director/chief executive of the applicant)___

1.	Personal and Professional Details:
(a)	Name (former name, if any):
(b)	C.N.I.C #/ Passport # (in case of foreign national) (attached copy)
(c)	Contact details

	(i) Address (ii) Business Address (iii) Tel: (iv) Mobile: (v) Fax: (vi) Email												
(d)	Present Occupation												
2	1. Nature of directorship:												
.	a) Executive b) Non-executive												
.	2. Status of directorship:												
.	a) Nominee director b) Elected director												
.	Number of shares subscribed or held _____												
.	Nominated by (name of shareholder/ nominating entity)												
3.	Names of companies, firms and other organizations of which the person is presently a director, partner, office holder or major shareholder (Information to be provided on the following sample format*) <table border="1" data-bbox="548 957 1281 1182"> <thead> <tr> <th>Sr #</th> <th>Name of Organization</th> <th>Designation</th> <th>Period</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Company A</td> <td></td> <td>DD/MM/YY - DD/MM/YY</td> </tr> <tr> <td>2</td> <td>Company B</td> <td></td> <td>DD/MM/YY - DD/MM/YY</td> </tr> </tbody> </table>	Sr #	Name of Organization	Designation	Period	1	Company A		DD/MM/YY - DD/MM/YY	2	Company B		DD/MM/YY - DD/MM/YY
Sr #	Name of Organization	Designation	Period										
1	Company A		DD/MM/YY - DD/MM/YY										
2	Company B		DD/MM/YY - DD/MM/YY										
4	Names of any persons on the board of the (name of securities adviser/futures adviser) who are related to the applicant.												

(name of the applicant/sponsor/director/chief executive of the applicant)

Signature _____

*use additional sheets if required”

(d) for the Affidavits, the following shall be substituted, namely: -

“Affidavit to be provided by applicant, on its own behalf OR as authorized person on behalf of sponsors OR as authorized person on behalf of applicant and where applicable, sponsors, directors and chief executive of applicant

(On Stamp Paper of Appropriate Value)

AFFIDAVIT

In case of an individual in his/her own capacity OR as authorized person on behalf of sponsors OR as authorized person on behalf of applicant:

I, _____ son/daughter/wife of _____ adult, resident of _____ and holding CNIC/Passport No. _____ do hereby state (on my behalf/ as authorized person on behalf of ...(name of sponsor)... being sponsor of the ...(name of securities adviser/ futures adviser)... as authorized person on behalf of ...(name of the applicant)...), on solemn affirmation as under:-

1. That (...I/ (name of sponsor)/name of applicant)... am/is eligible for the license of securities advisor/futures advisor, OR as director/chief executive/ sponsor of the ...(name of securities adviser/futures adviser)... according to the fit and proper criteria specified as per the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017.
2. That (I and the companies, firms, sole proprietorship etc. where I am a chief executive, director (other than nominee director), owner or partner etc./ That ...(name of the sponsor)..., and the Companies, firms, sole proprietorship etc. associated with ...(name of the sponsor).../ That ...(name of the applicant)... and the companies, firms, sole proprietorship etc. associated with ...(name of the applicant)...), have no overdue payment to any financial institution.
3. That I hereby confirm that the statements made and the information given by me are correct and that there are no facts which have been concealed.
4. That (I/...(name of the sponsor)/(name of the applicant)...)) has/have no objection if the ... (name of securities adviser/futures adviser) ... or the Commission requests or obtains information about me/...(name of the sponsor)/(name of the applicant)...)) from any third party.
5. That (I undertake to bring to the attention of the ...(name of securities adviser/futures adviser) or the Commission/ That I undertake on behalf of ...(name of sponsor)... that ...(name of sponsor)... will bring to the attention of the ...(name of securities adviser/futures adviser)/ That I undertake on behalf of ...(name of applicant)... that ...(name of applicant)... will bring to the attention of the Commission)), any matter which may potentially affect my/its status as securities adviser/ futures adviser (OR) as director/chief executive/sponsor of the securities adviser/futures adviser as per the licensing conditions and the fit and proper criteria specified in the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017.

6. That all the documents provided to....(name of securities adviser/futures adviser) or the Commission (as may be applicable), are true copies of the originals and I have compared the copies with their respective originals and certify them to be true copies thereof.
7. That (I/...(name of the sponsor)/(name of the applicant)...)) will comply with any other condition as may be specified by the Commission.
8. That I hereby confirm that no proceedings are pending against (me/...name of sponsor/name of applicant...) with respect to winding up, insolvency or analogous relief.
9. That I (on my behalf/ as authorized person on behalf of ...(name of the individual who is sponsor)... /as authorized person on behalf of ...(name of the individual who is applicant)...)) hereby confirm that (I/...(name of the individual who is sponsor)/(name of the individual who is applicant)...)) has not been disqualified/ removed from the post of a key executive position of a company by the Commission or any other regulatory authority.
10. That I hereby confirm that (I/...(name of the sponsor)/(name of the applicant)...)) have not been convicted in any criminal offence or directly involved in any settlement in civil/ criminal proceedings in a court of law, particularly with regard to moral turpitude, investments, financial/business misconduct, fraud/ forgery, breach of trust, financial crime etc. and/ or it has not been concluded by any regulatory authority that (I/...(name of the sponsor)/(name of the applicant)...)) have been associated with any unauthorized financial activity.
11. That I (on my behalf/ as authorized person on behalf ...(name of the sponsor)/(name of the applicant)...)), undertake to obtain approval of the Commission before any change in sponsor of the securities adviser/futures adviser.
12. That I hereby confirm that (I/...(name of the sponsor)/(name of the applicant)...)) have not provided false or misleading information either to the Commission or to any of the regulatory body, securities exchange, futures exchange, central depository or a clearing house.
13. That I hereby confirm that (I/...(name of the sponsor)/(name of the applicant)...)) have not been actively involved in the management of a company whose registration or licence has been revoked or cancelled or which has gone into liquidation or other similar proceedings due to financial irregularities or malpractices.
14. That I hereby confirm that (I/...(name of the sponsor)/(name of the applicant)...)) have not entered into a plea bargain arrangement with the National Accountability Bureau.

15. That I hereby confirm that no investigation is initiated by any Law Enforcement Agency (LEA) against (me/...(name of the sponsor)/(name of the applicant)...)) and in case any investigation has been initiated, the fact has been disclosed.

DEPONENT

The Deponent is identified by me

Signature _____
ADVOCATE
(Name and Seal)

Solemnly affirmed before me on this _____ day of _____ at _____ by the Deponent above named who is identified to me by _____, Advocate, who is known to me personally.

Signature _____

OATH COMMISSIONER FOR TAKING AFFIDAVIT”

(20) for the form A, the following shall be substituted, namely: -

**“FORM OF APPLICATION FOR LICENCE AS A SECURITIES
ADVISER/FUTURES ADVISER**

[see regulation 5(1)]

To
The Securities and Exchange Commission of Pakistan,
Islamabad.

Dear Sir,

1. I/We, ...(name of applicant or where applicable name of company)...., hereby apply for the licence ofsecurities adviser and/orfutures adviser (for futures based on securities and/or commodities and/or financial instruments) and/or distribution of CIS/VPF units).... under section 68 of the Securities Act, 2015 and/or section 51 of the Futures Market Act, 2016.

2. Certified true copies of all the documents specified in Annexure B of the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017 are enclosed.

3. Original receipt of the bank for the fee of Rs.....being the licensing fee is enclosed.

Yours faithfully,

Signature of the applicant or where applicable applicant's chief executive officer, company secretary or chief financial officer duly authorized by the board of directors of the applicant through a resolution for signing and submission of this application.”;

(21) for Annexure B, the following shall be substituted, namely:-

“Annexure-B

[see Regulation 5(1)]

“Information and Documents to be submitted along-with Application for Licence as a Securities Adviser/Futures Adviser

1. General and business information:

1.1. Brief history of the applicant containing at least name of the applicant, registered office address/place of business/place of contact, contact numbers, email address of concerned officer of applicant, and where applicable the date and place of its incorporation, date of commencement of business, national tax number, length of experience in advisory business, if any.

1.2 Name and present occupation of each sponsor, name and contact details of sponsors, directors, and senior management officers where applicable.

(Institutional sponsors shall mention their names and addresses only instead of giving all these particulars of their nominee directors).

1.3 Names and addresses of companies, firms and other organizations of which the applicant or where applicable applicant's sponsors, chief executive and directors, as the case may be, are or have been directors, partners or office holders during the last ten years and names of any associated company already licensed with the Commission as licensed entity.

1.4. Location and quantum of space available for safe custody of record specified in these regulations, where applicable.

1.5. Latest wealth statement of the applicant, duly submitted with the Federal Board of Revenue, or where applicable promoters, or other comparable document in case of foreign nationals. In case the promoter is a corporate entity then latest audited financial statements should be submitted.

1.6 Details of outstanding legal proceedings initiated, or penal actions taken (penal actions during the last three years) if any, against the applicant, or where applicable its sponsors, directors, majority shareholders, senior management officers or

associated company(s) licensed with the Commission as licensed entity, by the Commission or any other regulatory authority.

2. Details of infrastructural facilities, where applicable:

2.1 Computer systems installed including hardware and software

2.2 Available manpower, and

2.3 Office space (mention extent of area in square feet available)

3. Other information:

3.1 List of civil and criminal offenses in which the applicant or where applicable any of its sponsors, directors or senior management officer has remained involved including moral turpitude, investments, financial/business misconduct, fraud/forgery, breach of trust, financial crime and/ or any unauthorized financial activity etc.

3.2 Any other information considered relevant to the business of the securities adviser/futures adviser.

4. List of documents to be provided along with application:

4.1 Copy of memorandum and articles of association of the applicant, where applicable, duly certified from the company registration office (CRO) concerned containing copy of the certificate of incorporation and that of the certificate of commencement of business, duly certified from the CRO concerned.

4.2 Copy of Forms 3, 28 and 29 of the applicant duly certified from the CRO concerned where applicable.

4.3 Audited accounts for the last three years where applicable.

4.4 Copies of documents evidencing compliance with the financial resource requirements specified in the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017, where applicable.

4.5 Profile/Fit and Proper related documents of the applicant, and where applicable its sponsors, directors and chief executive or head of advisory business of the applicant, along-with details such as name, qualification, experience and date of appointment.

4.6 Copies of documents evidencing compliance with the qualification, experience and mandatory certification requirements specified by the Commission for the applicant or its relevant employees.

4.7 Any other information/document as required by the Commission.

(22) for Schedule I following shall be substituted, namely: -

“Schedule I
[see regulation 3, 5(1) and 8(1)]
SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
SCHEDULE OF FEE

Description of fee	Amount of fee in PKR	
	Individual Applications	Corporate Applicants
Fee to be paid by a Scheduled Bank and/or Microfinance Bank and/or EMI and/or Non-Banking Microfinance Company for initiation of activities as a distributor	-	500,000
Fee to be paid by a Scheduled Bank and/or Microfinance Bank and/or EMI and/or Non-Banking Microfinance Company within one month of the close of each financial year	-	250,000
Fee to be paid at the time of applying for licence as a securities adviser and/ or futures adviser	20,000	40,000
Fee to be paid at the time of applying for renewal of licence as a securities adviser or futures adviser	10,000	20,000
Fee to be paid at the time of applying for licence as a distributor	5,000	10,000
Fee to be paid at the time of applying for renewal of licence as a distributor	5,000	10,000

* The above intimation/annual/licence/renewal fees will be charged separately for each licence. However, fee for distributor shall not be applicable on securities adviser.

* The above fees shall be deposited into the designated bank account of the Commission, alongwith applicable collection charges.”

(23) for form B, the following shall be substituted, namely: -

“Form B
[see regulation 7(2)]
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
LICENCE TO ACT AS A SECURITIES ADVISER /FUTURES ADVISER
Licence No. _____

Islamabad, ____ (date) _____

1. The Securities and Exchange Commission of Pakistan having considered the application by (Name of the company/applicant) for the licence of securities adviser and/or futures adviser (for futures based on securities and/or commodities and/or financial instruments) under section 68 of the Securities Act, 2015 and/or section 51 of the Futures Market Act, 2016, and being satisfied that the said applicant is eligible for a licence under the said category(ies) and that it would be in public interest and in the interest of the capital market so to do, hereby grants licence, in exercise of the powers conferred by section 69 of the Securities Act, 2015 and/or section 52 of the Futures Market Act, 2016 to(name of the company/applicant) as securities adviser and/or futures adviser (for futures based on securities and/or commodities and/or financial instruments) ... subject to the provisions of the Securities Act, 2015 and/or Futures Market Act, 2016 and the rules and regulations made thereunder, as amended from time to time.

2. This licence is valid up to one year from the date of issuance.

Signature of the Officer”;

(24) for form C, the following shall be substituted, namely: -

Form C
[see regulation 8(1)]
FORM OF APPLICATION FOR RENEWAL OF LICENCE AS
SECURITIES ADVISER/FUTURES ADVISER

To
The Securities and Exchange Commission of Pakistan, Islamabad.

Dear Sir,

“1. I/We (Name of the applicant) ... having licence number hereby apply for renewal of the licence of securities adviser and/or futures adviser (for futures based on securities and/or commodities and/or financial instruments) under section 69 of the Securities Act, 2015 and/or section 52 of the Futures Market Act, 2016.”

2. The existing licence is due to expire on
3. Original receipt of the bank for the fee of Rs.....being the renewal fee is enclosed.
4. It is requested that the licence be renewed for a period of one year.

Yours faithfully,

Signature of the applicant or where applicable the applicant's chief executive officer, company secretary or chief financial officer duly authorized by the board of directors of the applicant through a resolution for signing and submission of this application.

(25) for form D, the following shall be substituted, namely: -

“FORM D
[see regulation 8(2)]
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
CERTIFICATE OF RENEWAL OF LICENCE AS SECURITIES
ADVISER/FUTURES ADVISER

Licence No. _____

Islamabad, ____ (date)_____

1. The Securities and Exchange Commission of Pakistan having considered the application for renewal of licence of asecurities adviser and/or futures adviser (for futures based on securities and/or commodities)..... by(Name of the company/applicant)....., and being satisfied that the saidsecurities adviser and/or futures adviser..... is eligible for renewal of licence and that it would be in public interest and in the interest of the capital market so to do, hereby grants renewal of licence to(Name of the company/applicant)....., as asecurities adviser and/or futures adviser (for futures based on securities and/or commodities and/or financial instruments) ... in exercise of the powers conferred by section 69 of the Securities Act, 2015 and/or section 52 of the Futures Market Act, 2016, for one year subject to the provisions of the Securities Act, 2015 and/or Futures Market Act, 2016 and the rules and regulations made thereunder, as amended from time to time.

Signature of the Officer”

(26) after Form D, the following new Forms shall be inserted, namely:-

“FORM E

PRIOR INTIMATION TO THE COMMISSION BY A SCHEDULED BANK, MICROFINANCE BANK, ELECTRONIC MONEY INSTITUTION OR NON-BANKING MICROFINANCE COMPANY FOR INITIATING ACTIVITIES AS A DISTRIBUTOR

[see clause (i) of third proviso to regulation 3]

(On Company’s Letterhead)

To

The Securities and Exchange Commission of Pakistan,
Islamabad.

Dear Sir/Madam,

1. I on behalf of (...name of Scheduled Bank/Microfinance Bank/Electronic Money Institution/Non-Banking Microfinance Company), hereby intimate the Commission that (...name of Scheduled Bank/Microfinance Bank/Electronic Money Institution/Non-Banking Microfinance Company) intends to initiate activities as a distributor from (... insert date...), and this may be treated as required prior intimation to the Commission in terms of sub-clause (i) of third proviso to regulation 3 of the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017.

2. I hereby undertake that (... name of Scheduled Bank/Microfinance Bank, EMI & NBFC...) shall remain compliant with the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017 while undertaking activities as a distributor.

Signature of Chief Executive Officer

Encl:

1. Original receipt of the bank evidencing payment of fee of Rs_____ as specified in Schedule I of the Regulations.
2. Copy of board resolution authorizing initiation of activities as a Distributor.
3. Copy of board resolution authorizing the CEO for signing and submission of FORM E.
4. Profile of the head of distribution function.

FORM F

**INTIMATION TO THE COMMISSION BY A SCHEDULED BANK,
MICROFINANCE BANK, ELECTRONIC MONEY INSTITUTION OR
NON-BANKING MICROFINANCE COMPANY ON COMPLIANCE
WITH THE REGULATIONS AS A DISTRIBUTOR**

[see clause (iii) of third proviso to regulation 3]

(On Company's Letterhead)

To

The Securities and Exchange Commission of Pakistan,
Islamabad.

Dear Sir/Madam,

I hereby undertake on behalf of (... name of Scheduled Bank/Microfinance Bank, EMI & NBFC) that (... name of Scheduled Bank/Microfinance Bank, EMI & NBFC) has remained compliant with the applicable provisions of the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017 during the period (... ..) while undertaking activities as a distributor.

Signature of Chief Executive Officer/Head of Distribution Function

Encl:

1. Original receipt of the bank evidencing payment of fee of Rs..... as specified in Schedule I of the Regulations.”

(27) after Annexure B, the following new Annexure shall be inserted, namely:-

“Annexure C

[see Regulation 18(1)(w)]

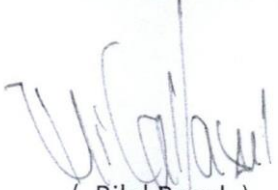
Contents of the Standardized Distribution Agreement

Notice: - This is not an exhaustive list. This must inter alia contain the following, not necessarily in the sequence given:

1. Details of Asset Management Company
2. Details of Securities & Futures Advisor
3. Date & place of agreement
4. Details of Distribution Arrangements
5. Representation & Warranties
6. Details of Distribution Function
7. Details of Associate Functions

8. Assignment, relationship & delays in transfer of funds
9. Marketing
10. Confidentiality
11. Information maintained by the Distributor
12. Maintenance of Books of Accounts and Copies of Contracts with AMC's
13. Prevention of Mis-selling & Fraud
14. Registration with Mutual Fund Association of Pakistan
15. Compliance with laws, rules & regulations
16. Remuneration
17. Declaration regarding solvency & non-involvement in civil or criminal offense or misconduct
18. Termination of Agreement
19. Dispute Resolution
20. Indemnity
21. Severability
22. Terms and Renewal".

[File No. SCD/AMCW/MISC/54/2022]


(Bilal Rasul)
Secretary to the Commission