

Government of Pakistan
Securities and Exchange Commission of Pakistan

Islamabad, 1st November, 2019

NOTIFICATION

S. R. O. 1303 (I)/2019.- In exercise of the powers conferred by sub-section (1) of section 169 of the Securities Act, 2015 (III of 2015), the Securities and Exchange Commission of Pakistan hereby makes the following amendments to the Securities Exchanges (Licensing and Operations) Regulations, 2016, the same having been previously published in the official Gazette vide S.R.O No. 1119(I)/2019 dated September 19, 2019, and also placed on its website as required under sub-section (4) of section 169 of the Securities Act, 2015, namely:-

In the aforesaid Regulations, -

- (1) In sub-regulation (3) of regulation 11, after clause (j), following new clause (ja) shall be inserted, namely:--

“(ja) handle compliance functions of the central depository and clearing house, outsourced to the securities exchange in accordance with regulation 11A, with respect to clearing members and CDS elements which are TRE certificate holders of the securities exchange; and”

- (2) After regulation 11, the following new regulation 11A shall be inserted, namely:-

“11A. Compliance functions of central depository and clearing house.- A securities exchange may enter into arrangements with a central depository and clearing house, with the prior approval of the Commission, for performing compliance functions of the central depository and clearing house with respect to clearing members and CDS elements which are TRE certificate holders of the securities exchange in the following manner:

a) the securities exchange shall enter into a service level agreement with the clearing house and the central depository for performing their compliance function, after obtaining approval of its board of directors, with respect to shifting of employees of central depository and clearing house and defining the role, responsibilities, duties, obligations of securities exchange, scope of services, remuneration of shifting compliance function, indemnification to the clearing house and central depository and any other important matter;

b) upon signing the service level agreement and from the effective date provided in the agreement, the securities exchange shall, on the behalf of central depository and clearing company, supervise or conduct any investigation,

inspection or enquiry, in accordance with the service level agreement and the regulations of the securities exchange and clearing house or central depository, required to be conducted by a clearing house or central depository in respect of clearing members and CDS elements which are the TRE certificate holders;

c) the chief regulatory officer of the securities exchange shall maintain liaison with the central depository and clearing house for monitoring compliance through inspections and investigation in respect of clearing members and CDS elements which are TRE certificate holders, on the behalf of central depository and clearing company and the securities exchange shall perform these activities in accordance with the procedures finalized with the central depository and clearing house.”

[No. SMD/SE/2(273)/2016]


(Bilal Rasul)
Secretary to the Commission