

**CENTRAL DEPOSITORY COMPANIES (ESTABLISHMENT AND
REGULATION) RULES, 1996
(S.R.O. NO. 107(KE)/96 DATED 07.10.96)**

S.R.O. 107 (KE)/96.- In exercise of the powers conferred by section 33 of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Federal Government is pleased to make the following rules, namely:-

1. Short title and commencement. (1) These rules may be called the Central Depository Companies (Establishment and Regulation) Rules, 1996.

(2) They shall come into force at once.

2. Interpretation.- In these rules the words and expressions used but not defined herein shall have the same meanings as are assigned to them in the Securities and Exchange Ordinance, 1969 (XVII of 1969), and the Companies Ordinance, 1984 (XLVII of 1984), as the case may be.

3. Eligibility for registration.- A company desirous of commencing business as a central depository company shall be eligible for registration under these rules if it fulfils the following conditions, namely :-

- (a) That such company is incorporated as a public limited company under the Companies Ordinance, 1984 (XLVII of 1984);
- (b) that such company has entered into equity participation or technical collaboration arrangement with an internationally recognized institution or agency;
- (c) that at least one stock exchange in Pakistan is a shareholder of such a company;
- (d) that no promoter, director, officer or employee of such a company-
 - (i) has been convicted of fraud, breach of trust or an offence involving moral turpitude or removed from service for misconduct or has been adjudicated as

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- insolvent;
 - (ii) has been associated with any illegal banking business, deposit taking or financial dealings;
 - (iii) has been a sponsor, director, chief executive or a senior management officer of a defaulting co-operative finance society or finance company; and
 - (iv) has been a defaulter of any commercial bank or financial institution including non-banking financial institution or has suspended payment or has compounded with his creditors; and
- e) that the promoters of such company are persons of means and integrity and have special knowledge of matters which the company may have to deal with as a central depository company.

4. Registration .- (1) A company, eligible for registration under rule 3 as a central depository company, may make an application to the Authority in Form I providing information as given in the Annex thereto.

(2) An application under sub-rule (1) shall be accompanied by a fee of five hundred thousand rupees as registration fee.

(3) The Authority, if it is satisfied, after such inquiry and after obtaining such further information as it may consider necessary, that-

- (i) the applicant is eligible for registration; and
- (ii) it would be in the interest of the capital market so to do, may grant a certificate of registration to such company in Form II on such conditions as it may deem appropriate.

5. Renewal of registration.- (1) The certificate of registration of a company shall be renewable on payment of a fee of one hundred thousand rupees through an application made in Form III.

(2) The Authority shall, after making such inquiries and

after obtaining such further information as it may consider necessary, within thirty days of the receipt of the application, renew the registration of such company for one year in Form IV.

6. Submission of annual report, etc.- (1) The central depository company shall file its annual report and account within six months of the close of the accounting period alongwith the following information and documents, namely:-

- (i) Names of the issuers who are members of the company;
- (ii) names of the participants who are members of the company;
- (iii) number of account holders as well as sub-account holders;
- (iv) list of shareholders of the company indicating change in the shareholdings, if any; and
- (v) names of senior management staff of the company with qualifications and experience.

(2) Without prejudice to the provisions of sub-rule (1), a central depository company shall furnish to the Authority such other documents, information or explanation relating to its affairs as the Authority may, from time to time, by order in writing, require.

7. Power of the Authority to give directions.- The Authority may, if it is satisfied that it is necessary or expedient so to do in the public interest or in the interest of capital market, by order in writing, give directions to a central depository company.

8. Establishment of Advisory Committee.- The Authority may establish an Advisory Committee in respect of a central depository company whose functions shall be--

(a) to advise the central depository company on matters relating to the services provided by such depository company; and

(b) to make recommendations for improving the efficiency of the central depository company.

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FORM I
[See rule 4 (1)]

**FORM OF APPLICATION FOR REGISTRATION
AS A CENTRAL DEPOSITORY COMPANY**

To

The Corporate Law Authority,
Government of Pakistan,
Islamabad.

Dear Sir,

We hereby apply for registration of
.....
.....
.....(Name of Central
Depository Company)
under rule 4 of the Central Depository Companies (Establishment
and Regulation) Rules, 1996.

2. A copy of the Memorandum and the Articles of Association is enclosed.

3. Necessary information required in the annex to this Form is furnished. We undertake to keep the information up to date at all times.

4. Registration fee of five hundred thousand rupees (Rs.500,000/) has been deposited in the State Bank of Pakistan/ the National Bank of Pakistan on _____ and original copy of the treasury challan is enclosed.

Yours faithfully,

(Signature of the authorised
officer)

ANNEX TO FORM I

1. Name, address and telephone number(s) of the company.
2. Date and place of incorporation.
3. Names and addresses of promoters and directors.
4. Documentary evidence indicating that a stock exchange is a share holder of the company.
5. Details of equity participation or technical collaboration arrangements with any internationally recognized institution or agency.
6. Whether any promoter, director has been convicted of fraud or breach of trust.
7. Whether any promoter or director has been a defaulter of any commercial bank or financial institution or non-banking financial institution or has suspended payment or has compounded with his creditors.
8. Whether any director has been adjudicated as insolvent.
9. Names and addresses of senior management officers.
10. Whether any officer or employee has been convicted of fraud or breach of trust.
11. Whether any senior management officer has been adjudicated as insolvent or has suspended payment or has compounded with his creditors.
12. Whether any director, officer or employee of the company has been a sponsor, director, chief executive or a senior management officer of a defaulting co-operative

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- finance society or finance
company.
13. Whether any officer or employee of the company has been a defaulter of any commercial bank or financial institution including non-banking financial institution or has suspended payment or has compounded with his creditors.
14. Previous experience of the promoters and directors in the field related with central depository.
15. Previous experience of senior management officers.

Note :- (i) An affidavit from each promoter, director and officer in respect of statement at serial Nos. 6,7 and 8, shall be submitted.

(ii) Certification by the proposed chief executive of the company in respect of statement at serial Nos. 10,11,12 and 13 shall be submitted.

FORM II
[(See rule 4(3))
GOVERNMENT OF PAKISTAN
CORPORATE LAW AUTHORITY

NO. **Islamabad, the199...**

**CERTIFICATE OF REGISTRATION AS
CENTRAL DEPOSITORY COMPANY**

The Corporate Law Authority having considered the application for registration under rule 4 of the Central Depository Companies (Establishment and Regulation) Rules, 1996, by
.....(Name of the central depository company)
and being satisfied that the said company is eligible for registration and that it would be in public interest and in the interest of the capital market so to do, hereby grants, in exercise of the powers conferred by rule 4 of the said Rules, registration to subject to the conditions stated herein below or as may be prescribed or imposed hereafter.

2. This certificate of registration is valid up to

Signature of the Officer

FORM III
[(See rule 5(1)]

**FORM OF APPLICATION FOR RENEWAL OF REGISTRATION
AS A CENTRAL DEPOSITORY COMPANY**

To

Corporate Law Authority
Government of Pakistan
Islamabad.

Dear Sir,

We hereby apply for the renewal of the registration of
.....
.....
.....(Name of the central
depository company).
under rule 5 of the Central Depository Companies (Establishment
and Regulation) Rules, 1996.

2. The certificate of registration or, as the case may be,
certificate of renewal is due to expire on

3. Renewal fee of one hundred thousand rupees (Rs.100,000/-)
has been deposited in the State Bank of Pakistan/ the National
Bank of Pakistan on _____ and original copy of the
treasury challan is enclosed.

4. It is requested that the registration may be renewed for the
year ending on the

Yours faithfully,

(Signature of the authorised
officer)

FORM IV
[(See rule 5(2))]

GOVERNMENT OF PAKISTAN
CORPORATE LAW AUTHORITY

Islamabad, the199....

CERTIFICATE OF RENEWAL OF REGISTRATION
AS A CENTRAL DEPOSITORY COMPANY

NO.

The Corporate Law Authority having considered the application for renewal of registration under rule 5 of the Central Depository Companies (Establishment and Regulation) Rules, 1996, by

.....
.....(Name of the central depository company)

and being satisfied that it would be in public interest and in the interest of the capital market to renew the registration of

.....
.....(Name of the central depository company)

hereby grants, in exercise of the powers conferred by rule 5 of the said Rules, certificate of renewal of registration to the said company subject to the conditions stated herein below or as may be prescribed or imposed hereafter.

2. This certificate of renewal is valid up to

Signature of the Officer