

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 11th May, 2022

NOTIFICATION

S.R.O.599(I)/2022.- The following draft amendment to the Securities Brokers (Licensing and Operations) Regulations 2016, proposed to be made by the Securities and Exchange Commission of Pakistan in exercise of 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) is hereby published for information of all persons likely to be affected thereby and notice is hereby given that objections or suggestions, if any, received by the Commission within fourteen days from the date of placement of the said draft amendments on the website of the Commission, may be taken in to consideration, namely:-

DRAFT AMENDMENT

In the aforesaid Regulations, -

- (1) After regulation 3, the following new regulation 3A shall be inserted, namely: -

“3A. Prior-Permission from the Commission to undertake Securities Broker activity. - (1) A person desirous of performing the functions of Securities broker shall, before obtaining TRE Certificate of a securities exchange, make an application to the Commission as set out in **Form A-1** along- with the documents specified in **Annexure A-1**.

(2) The Commission, while considering the application for permission under sub-regulation (1), may require the applicant to furnish such further information or clarification, as it deems appropriate.

(3) The Commission, if it is satisfied that the person seeking permission to perform the functions of securities broker has fulfilled the criteria in terms of these regulation may permit by an order in writing to incorporate a securities broker company.

(4) The permission granted under sub-regulation (2) shall be valid for a period of six months unless extended for a maximum period of further three months under special circumstances, on the application of the sponsors made before the expiry of initial six months.

(5) During the validity of this permission, the sponsors shall obtain the TRE Certificate from securities exchange, get the securities broker company incorporated and submit an application to the Commission for grant of licence, after fulfilling all the conditions specified in these regulations.”;

(2) in regulation 4, in sub-regulation (1), after clause (aa), the following new clause shall be inserted, namely: -

“(aab) has obtained prior permission of the Commission under regulation 3A(1) of these Regulations:

Provided that a person holding a valid license to act as a Futures Broker under Futures Brokers (Licensing and Operations) Regulations, 2018 may apply for license as a securities broker without prior permission of the Commission under these regulations.”;

(3) before Form A the following new Form A-1 shall be inserted, namely: -

“FORM A-1

[see regulation 3A (1)]

APPLICATION FOR PRIOR-PERMISSION TO UNDERTAKE SECURITIES BROKER ACTIVITY

Dated: _____

To

The Securities and Exchange
Commission of Pakistan,
Islamabad.

Dear Sir,

We hereby apply for grant of permission under regulation 3A of the Securities Brokers (Licensing and Operations) Regulation, 2016, to form a Securities Broker Company under the name and style of * -----

The information and documents as required in the Annexure A to this form duly verified and signed by all sponsors and proposed directors along with an affidavit by them as to the correctness of the details is submitted.

We undertake to keep this information up to date by communicating changes or modifications therein within fourteen days of such changes or modifications.

A receipt of rupees [(Rs. _____)] being the processing fee, deposited in----- on ---

-----is enclosed.

Yours faithfully,

Verification by Oath Commissioner
Name of the Company”;

- (4) before Annexure A, the following new Annexure A-1 shall be inserted, namely: -

“ANNEXURE A-1
[see regulation 3A (1)]

**INFORMATION TO BE SUPPLIED TO UNDERTAKE SECURITIES BROKER
ACTIVITY**

1. Full name, former name if any, father’s or husband’s name, nationality, residential and business address, national tax number, present occupation of each sponsor, proposed director, proposed chief executive and proposed chairman of the Board. (Institutional sponsors shall mention their names and addresses only instead of giving all these particulars of their nominee directors).
2. Names and addresses of companies, firms and other organizations of which the aforesaid sponsors, proposed chief executive and proposed chairman are or have been directors, partners or office holders during the last ten years.
3. Financial standing, educational as well as professional qualifications and experience of persons mentioned in paragraph 1 above, supported by documentary evidence.
4. Percentage of capital, each sponsor proposes to contribute in the proposed company.
5. Feasibility report of the proposed company.
6. Names of the bankers of the sponsors’ along with their account numbers.
7. Draft of the Memorandum and Articles of Association.
8. Affidavit from each person mentioned in paragraph 1 above, stating that-
 - a) he has not been associated with any illegal banking business, deposit taking or financial dealings;
 - b) he and companies in which he is a director or substantial shareholder have no over-due loans or installments outstanding towards banks or other financial institutions;
 - c) neither he nor companies in which he is a director or substantial shareholder has defaulted in paying taxes as on the date of application;
 - d) he has not been promoters or sponsor, director or chief executive of a defaulting cooperative finance society or finance company;

- e) he has never been convicted of fraud or breach of trust or of an offence involving moral turpitude or removed from service for misconduct;
- f) he has neither been adjudged an insolvent nor has defaulted in making payments, to his creditors.”.

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


(Bilal Rasul)
Secretary to the Commission