

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 30th April, 2020

NOTIFICATION

S.R.O. 348 (I)/2020- In exercise of the powers conferred by section 72 of the Financial Institutions (Secured Transactions) Act, 2016 (XXXI of 2016), the Securities and Exchange Commission of Pakistan is pleased to make the following regulations, namely:-

PART I – PRELIMINARY

1. Short title and commencement.- (1) These Regulations shall be called the Secured Transactions Registry Regulations, 2020.

(2) They shall come into force at once.

2. Definitions. - (1) In these Regulations, unless there is anything repugnant in the subject or context.-

(a) “**Act**” means the Financial Institutions (Secured Transactions) Act, 2016 (XXXI of 2016);

(b) “**certified search report**” means a search report generated by the register, with a unique identification number and a QR code, on payment of prescribed fee;

(c) “**client account**” means an account established with the Registry to file statements under section 23, 24 and 26 of the Act;

(d) “**Rules**” means the Financial Institutions (Secured Transactions Registry) Rules, 2019;

(e) “**search only account**” means an account that is established with the Registry to conduct certified search of the register; and

(f) “**user account**” means a client account or a search only account.

(2) Words and expressions used but not defined in these Regulations shall, unless there is anything repugnant in the subject or context, have the same meanings as are assigned to them in the Act or the Rules.

PART II – USER ACCOUNTS

3. Purpose and establishment of user accounts.- (1) Statements under section 23, 24 and 26 of the Act shall be filed in the register through a client account.

(2). Certified search of the register can be performed through a client account and a search only account.

(3) A person may apply for a user account by submitting a request to the Registry in a manner as provided on the Registry website. The applicant shall provide complete information as the registry may require for this purpose:

Provided that the Registry may, from time to time, adopt any other arrangement(s), as it may deem fit, for establishment of the user accounts.

(4) The Registry may verify the information submitted by a person under sub-regulation (3).

(5) The Registry shall dispose of the application within one business day and inform the applicant accordingly.

(6) The Registry shall allow.-

(a) a client account to create sub-accounts to authorize multiple individuals to file statements to the register and conduct certified search of the register on behalf of the client account, by providing the Registry with the username, email address and password for each sub-user; and

(b) a search only account to create sub-accounts to authorize multiple individuals to conduct certified search of the register on behalf of the account, by providing the Registry with the username, email address and password for each sub-user.

Provided that a user account shall designate at least one of its users as account administrator who may add or remove sub-users or change their authorities from time to time. The account administrator shall be responsible for security practices of its users and for all fees charged for any transaction by its users.

(7) If a user account has no current financing statements and remains inactive for a period of three (3) months, the Registry may close it for inactivity.

4. Structure and content of user accounts.- The Registry shall create a user account for each person whose application is approved in accordance with regulation 3.

(2) The record associated with a user account, available in the Registry, shall include:-

a) information provided by the user under regulation 3; and

b) history of all transactions made on behalf of the account, including the identity of the user who made the transaction, the date and time and nature of a transaction and fee charged, if any.

PART III – FINANCING STATEMENTS, MODIFICATION STATEMENTS AND TERMINATION STATEMENTS

5. Statements to be filed online.- (1) A client account may file a financing statement, and a modification statement or a termination statement in relation to a registered financing statement, by completing online the required fields in the electronic forms that are provided for this purpose by the Registry.

(2) If any information prescribed for a statement by the Act, the Rules or these Regulations is not provided, the Registry shall not allow the statement to be filed and shall indicate the required corrective action.

6. Information in statements – specific rules.- A financing statement, other than a financing statement referred to in regulation 7, shall also indicate the following information for statistical purposes:-

- a. whether the entity is a new or existing client of the secured creditor;
- b. gender composition of owners of the entity;
- c. the sector in which the entity operates;
- d. the size of the entity;
- e. the type of movable property; and
- f. type of facility;
 - i. Line of credit;
 - ii. Farm operating loan;
 - iii. Installment loan;
 - iv. Financial lease;
 - v. Outright transfer of receivables (factoring);
 - vi. Sale of goods with retention of title; and
 - vii. Other.

7. Financing statements of prior security interests.- (1) During the transitional period as defined in clause (c) of sub-section (1) of section 73 of the Act, the register shall include a functionality that permits the filing of financing statements of prior security interests as defined in clause (a) of sub-section (1) of section 73 of the Act.

(2) A financing statement that is filed using the functionality referred to in sub-regulation (1) shall not perfect any security interest that is not a prior security interest.

8. Registration number and association of statements in the register.- (1) For each statement, the Registry shall generate a registration number. The number shall have a fixed number of digits, including leading zeroes.

(2) For each financing statement, the Registry shall generate additional two digits that shall be appended to the end of the registration number to become a part of it. The additional digits, computed mathematically from the digits of the registration number, shall be later used to associate a modification statement or a termination statement to a registered financing statement.

(3) For each modification statement or a termination statement, the Registry shall validate the unique registration number of the financing statement provided by the registrant before accepting the statement into the Registry. The Registry shall assign a registration number to a modification statement or a termination statement, as the case may be, in a manner that associates it with the unique registration number assigned to the relevant registered financing statement.

(4) When the registrant of a modification statement or a termination statement enters the unique registration number of the relevant financing statement, the Registry shall determine what the last two digits should be by computing them from the preceding digits. The Registry shall then compare them with the last two digits of the registration number as entered by the registrant.

(5) If a proposed modification statement or termination statement -

- (a) does not state the unique registration number of the financing statement;
- (b) states a unique registration number that is incorrect; or
- (c) states a unique registration number for a record that has already been terminated;

the Registry shall not accept the statement and shall indicate the required corrective action.

PART IV – SEARCHES

9. Searches to be made online.- (1) A person may conduct a search of the register by completing online the required fields in the electronic forms that are provided for this purpose by the Registry. The person may also download a copy of the search result for no cost.

(2) The Registry may designate locations where electronic access to the register may be provided.

(3) The Registry shall also allow public search or certified search, by Corporate Unique Identification Number (CUIN), of the register of charges maintained under section 102 of the Companies Act, 2017.

10. No user account required for public search.- (1) Subject to sub-regulation (2), a person does not need to establish a user account in order to conduct a public search of the register.

(2) A person may obtain a certified search report only through a user account.

PART V – REQUESTS UNDER SECTION 31 OF THE ACT

11. Request to the secured creditor to file a modification or termination statement.- (1) The Registry shall make available on its website a form in which a request under section 31 of the Act may be submitted to the secured creditor.

(2) Nothing in these Regulations precludes the entity or any other person, having rights in the collateral covered in a registered financing statement, to submit a demand to the secured creditor in a form other than that may be issued by the Registry.

12. Request to the Registrar to file a modification or termination statement.-(1) On the failure of the secured creditor to timely respond to the demand under sub-section (1) of section 31 of the Act, the entity or any other person having right in the collateral covered in a registered financing statement may, by filing an application electronically through Registry's website, request the registrar to file a modification statement or termination statement, as applicable.

(2) The person submitting the application under sub-regulation (1) shall identify itself by a name and address, indicate the unique registration number of the relevant registered financing statement, and state the reason for requesting the filing of a modification or termination statement by the Registrar supported with underlying evidence. The person shall also attach with the application a copy of the dated written demand and any response received from the secured creditor.

PART VI – FEES

13. Fees.- (1) The fees for transactions in connection with the Registry are set out in the Schedule as attached to these regulations.

(2) The fees required to be paid in respect of the transactions specified in the Schedule may be paid to the Registry through debit or credit card or bank transfer or any other electronic mode as may be allowed by the Registry:

Provided that the Registry may, from time to time, allow different modes of payment for different kinds of user accounts as it may deem fit.

(3) The Commission shall have the power to exempt certain transactions from fee or fix a lower fee.

PART VII – OPERATING HOURS, AND LIABILITY

14. Operating hours of the register.- (1) Subject to sub-regulations (2) and (3), the register shall be available online for filings and searches 24 hours per day, 7 days per week.

(2) The Registry may suspend operations of the register for maintenance and upgrades at such times as it may deem fit. Where possible, the Registrar shall provide advance notice of such closures by way of an announcement on the Registry's website.

(3) The Registry may also suspend operations of the register when necessary as a result of circumstances outside the Registrar's reasonable control.

15. Operating hours of the Registry.- The Registry shall be open for business during its usual operating hours on working days, except to the extent that the Registrar determines otherwise.

16. No liability for guidance.- The Registry may provide instructions or guidance to the users of the register, but any such instructions or guidance shall not constitute legal advice, and the Registry shall not be responsible for any loss or damage sustained by any person who relies on such guidance.

PART VIII – NOTICES TO SECURED CREDITORS

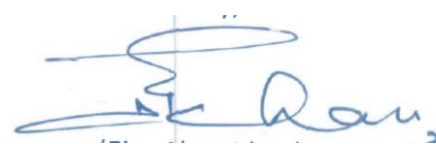
17. Additional mode of providing a notice or demand to secured creditor.-In terms of sub-section (3) of Section 65 of the Act, the registrar or any other person may also deliver a notice, contemplated by Part IV of the Act, by the Rules or by these Regulations, to a secured creditor through email at the email address provided in the relevant statement.

SCHEDULE

TABLE OF FEES TO BE PAID TO THE REGISTRY

Transaction	Fee Amount (PKR)
Financing Statement - Initial	1,000
Financing Statement - Modification	1,000
Financing Statement - Termination	No Fee
Financing Statement - Modification by Registrar	1,000
Financing Statement - Termination by Registrar	1,000
Financing Statement of Prior Security Interest - Initial	500
Financing Statement of Prior Security Interest - Modification	1,000
Financing Statement of Prior Security Interest – Termination	No Fee
Financing Statement of Prior Security Interest - Modification by Registrar	1,000
Financing Statement of Prior Security Interest - Termination by Registrar	1,000
Public Search	No Fee
Issue of a Certified Search Report	100

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(Ejaz Alam Khan)

Secretary to the Commission