

Notification No.: PMEX/MKT,BD&CSS/2019/40

September 19, 2019

**Renewal of License as PMEX Futures Broker**

All brokers are informed that Regulation 9(1) of Futures Brokers (Licensing and Operations) Regulations, 2018 (the Regulations) requires a licensed futures broker of PMEX to apply to the Securities & Exchange Commission of Pakistan (SECP) through PMEX for the renewal of its license 45 days prior to the date of expiry of the license. PMEX scrutinizes and submits license renewal applications to SECP one month prior to the date of expiry of license. Further, Regulations 9(5) provides that where the renewal of license is applied in time but has not been decided by SECP, the license of the futures broker shall remain valid.

All those brokers who had applied for renewal of their futures broker licenses in November 2018 are advised to submit the following documents to PMEX latest by September 30, 2019:

- a) Application Form (attached in Annexure A) for Renewal of License as a Futures Broker (Form C of Regulations) on letterhead duly filled and signed by Chief Executive Officer
- b) SECP paid challan of Rs. 50,000/- against the futures broker license renewal fee
- c) Latest Annual Financial Statements audited by an audit firm of SBP Panel A or B, with paid up capital and net worth (i.e. assets minus liabilities & revaluation surplus) of at least Rs. 20 million.
- d) Affidavit on stamp paper as per attached format specified in Annexure B signed by the Chief Executive Officer
- e) Undertaking (format attached in Annexure C) on letterhead as per attached draft duly signed by Chief Executive Officer
- f) Details of major Shareholders, Directors and Senior Management (format attached in Annexure D)
- g) Copies of latest Form A and all subsequent Form 29

It is important to emphasize that failing to apply for renewal of license before September 30, 2019 may result in cancellation of license and suspension of trading rights.

For further information and assistance, please feel free to contact our Customer Support Services by phone on 111-11-PMEX (7639) or by email at [support@pmex.com.pk](mailto:support@pmex.com.pk).

Best regards,



Hasan Mahmood  
Head of Marketing, Business Development  
& Customer Support Services

[To be printed on letterhead]

Annexure A

Form C

[see Regulation 9(1)]

Form of Application for Renewal of License as a Futures Broker

To

The Securities and Exchange Commission of Pakistan, Islamabad.

Dear Sir,

We, \_\_\_\_\_ (Name of the futures broker), being member of **Pakistan Mercantile Exchange Limited**, hereby apply for the renewal of the license of futures broker under section 52 of the Futures Market Act, 2016.

The existing license is due to expire on **November 14, 2019**.

Original receipt of the bank for the fee of **Rs. 50,000/-** being the renewal fee is enclosed.

Certified true copies of all the documents specified in Annexure B of the Futures Brokers (Licensing and Operations) Regulations, 2018 (which have not already been provided at the time of applying for license or subsequent renewals) are enclosed.

It is requested that the license be renewed for a period of one year.

Yours faithfully,

\_\_\_\_\_  
Name of the Chief Executive

\_\_\_\_\_  
Signature of the Chief Executive

\_\_\_\_\_  
Date

[On a non-judicial stamp paper of Rs. 50 issued in the name of PMEX Member]

**UNDERTAKING**

[Requirements of Futures Brokers (Licensing and Operations) Regulations, 2018]

I, \_\_\_\_\_ s/o/w/o/d/o \_\_\_\_\_  
holding CNIC No. \_\_\_\_\_ being the Chief Executive Officer of  
M/s. \_\_\_\_\_ (PMEX Broker), holder of  
TRE Certificate No. \_\_\_\_\_ of Pakistan Mercantile Exchange Limited [PMEX] confirm that:

1. There are no outstanding legal proceedings initiated by Securities and Exchange Commission of Pakistan [SECP] or any other regulatory authority against the Company, its sponsor shareholders, directors, senior management officer or me [1.6].
2. The Company, its sponsor shareholders, directors, senior management officer or I have not been declared insolvent or bankrupt, or declared defaulter by any authority or court of law [1.7].
3. No penal actions has been taken against the Company, its sponsor shareholders, directors, senior management officer or me during the last three years by SECP or any other regulatory authority [1.8].
4. There are no disputes pending before a court or tribunal in which the Company is a party [3.1].
5. There are no civil or criminal offences in which the Company, its sponsor shareholders, directors, senior management officer or I have remain involved during last three years [3.2].
6. There is no other information in my possession which I consider may be relevant to the business of the Company as a futures broker [3.3].
7. There are no significant awards, recognition, or collective grievances against the Company [3.4].
8. SECP will be informed of any change in the individual sponsors or majority shareholders of corporate sponsor of Company [4.6].
9. The sponsor shareholders, directors, senior management officer and I comply with the fit and proper criteria prescribed in Futures Brokers (Licensing and Operations) Regulations, 2018 including relating to minimum educational qualification and required years of prescribed experience. In case of any non-compliance coming to my knowledge, I will immediately communicate to same to the SECP through Futures Exchange.



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10. The Company, its sponsor shareholders, directors, senior management officer and I are in compliance with all the requirements for grant of a license under the Futures Brokers (Licensing and Operations) Regulations, 2018 [4.7].
11. The sponsor shareholders, directors, senior management officer and I have not been convicted in any criminal offence or involved in any fraud / forgery, financial crimes, etc. in Pakistan or elsewhere. I am not being subject to any pending proceeding leading to such a conviction. I have not been concluded by any regulatory authority that I have been associated with any unauthorized financial activity including illegal brokerage business.
12. I confirm that no investigation / enquiry / inspection, conducted under Section 138 & Section 139 of the Securities Act, 2015, Section 83 of the Futures Market Act, 2016, Section 29 of the Securities and Exchange Commission of Pakistan Act, 1997, Section 21 of the Securities and Exchange Ordinance, 1969, Section 256 or Section 257 of the Companies Act, 2017, has been concluded and disposal thereof against the Company, its sponsor shareholders, directors, senior management officer or me by the Commission with material adverse findings or any settlement in civil / criminal proceedings particularly with regard to investments, financial matters / business, misconduct, fraud, formation or management of a corporate body etc. by any regulatory authorities (within or outside Pakistan), professional bodies or government bodies / agencies.
13. Company, its sponsor shareholders, directors, senior management officer or I have not defaulted on settlement of a customer complaint where such complaint has been adjudicated by the Commission or the futures exchange.
14. No order has been passed restraining, prohibiting or debarring the sponsor shareholders, directors, senior management officer or me from dealing in, or accessing, the capital market. Further, no penalty of Rs. 500,000/- or more has not been imposed on me by the Commission in the last three years, in respect of any laws administered by the Commission.
15. The sponsor shareholders, directors, senior management officer or I have never been penalized in the past for providing any false or misleading information either to the Commission or futures exchange.
16. The sponsor shareholders, directors, senior management officer or I have not been actively involved in the management of a company whose registration or license has been revoked or cancelled or which has gone into liquidation or other similar proceedings due to financial irregularities or malpractices.
17. The sponsor shareholders, directors, senior management officer or I am not ineligible under the Companies Act, 2017 or any other legislation from acting as such in the Company.
18. The sponsor shareholders, directors, senior management officer or I have not entered into a plea bargain arrangement with the National Accountability Bureau.
19. To the best of my knowledge, the Company and its sponsors do not have any controlling interest in any other company holding license as a futures broker.



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20. I do not hold any office in any other company.
21. To the best of my knowledge, no director or employee of the Company hold the position of a Director or any other position in any other company licensed as a futures broker.

\_\_\_\_\_  
Name of the Chief Executive

\_\_\_\_\_  
Signature of the Chief Executive

\_\_\_\_\_  
Date

[To Be Printed on Letterhead of Futures Broker]

Annexure C

Customer Support Service  
Pakistan Mercantile Exchange Limited  
3B, 3<sup>rd</sup> Floor, Bahria Complex IV  
Ch. Khaliq-uz-Zaman Road, Gizri  
Karachi

Dear Sir,

**Compliance with Regulations 6(3) of Futures Brokers (Licensing and Operations) Regulations, 2018**

As required under Regulations 6(3) of Futures Brokers (Licensing and Operations) Regulations, 2018 (Regulations), I hereby confirm on behalf of \_\_\_\_\_ (Applicant) that:

1. the contents of our application for license and supporting documents are in conformity with the Regulations;
2. we meet the requirements of the Futures Market Act, 2016 and the Regulations for the purposes of license under the Regulations;
3. the Company, its sponsors, directors and senior management officers are fit and proper persons as per the criteria specified in the Regulations;
4. we have appropriate arrangements for putting in place such trading, clearing and settlement, accounting and recording systems as are necessary for the purposes of our existing and anticipated operations of business;
5. we have written policies, procedures, systems and controls to resolve customer complaints, handle conflict management, monitor unethical conduct and market abuse, prevent money laundering and combat terrorist financing; and
6. the past track record of regulatory compliance of the Company, its sponsors, directors and senior management officers is satisfactory.

Sincerely,

CEO Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

[To Be Printed on Letterhead]

Annexure D

**Information of Major Shareholder (10% or more), Directors and Senior Management Officers**

PMEX Broker Name \_\_\_\_\_

PMEX Member No. \_\_\_\_\_

SHAREHOLDERS						
SN	Name	CNIC #	Qualification	Experience Years	Shares held	%
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

DIRECTORS				
SN	Name	CNIC #	Qualification	Experience Years
1				
2				
3				
4				
5				
6				
7				

SENIOR MANAGEMENT OFFICERS					
SN	Designation	Name	CNIC #	Qualification	Experience Years
1	Chief Executive/ Managing Director				
2	Deputy Managing Director				
3	Chief Operating Officer				
4	Compliance Officer				

Name of CEO: \_\_\_\_\_

Signature of CEO: \_\_\_\_\_

Date: \_\_\_\_\_