

Notification No.:PMEX/MKT,BD&CSS/2019/42

September 26, 2019

**Solicitation of Public Comments on Draft Amendments in Futures Brokers
(Licensing and Operations) Regulations, 2018**

It is hereby informed that the Securities and Exchange Commission of Pakistan (SECP) has published draft amendments in the Futures Brokers (Licensing and Operations) Regulations, 2018 in the official Gazette and placed the same on its website, for soliciting public opinion thereon, within a period of fourteen days.

The draft amendments are enclosed herewith as **Annexure A** and may be accessed at the following link:

<https://www.secp.gov.pk/laws/draft-for-discussion/draft-rules-regulations/>

All concerned are requested to submit their comments/ feedback, if any, on the draft amendments to the SECP latest by **October 07, 2019** to:

Mr. Kamal Ali (Additional Director)
Policy, Regulation and Development Department
Securities Market Division
Securities and Exchange Commission of Pakistan
NIC Building, Jinnah Avenue, Blue Area
Islamabad
Email: kamal.ali@secp.gov.pk

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.

Best regards,



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

Encl.: As stated above.

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, 19th September, 2019

NOTIFICATION

S.R.O. 1116 (I)/2019. - The following draft amendments to the Futures Brokers (Licensing and Operations) Regulations, 2017, proposed to be made by the Securities and Exchange Commission of Pakistan, in exercise of powers conferred by section 114 of the Futures Market Act, 2016 (XIV of 2016), are hereby published for the information of all persons likely to be affected thereby and, as required by subsection (4) of the said section 114, notice is hereby given that objections or suggestions thereon, if any, may be sent to the Commission within fourteen days of placement of draft amendments on the website of the Commission, namely:-

In the aforesaid Regulations,-

- (1) Sub-section k of sub-regulation 1 of Regulation 4 along with its proviso shall be deleted;
- (2) In sub-regulation 1 of Regulation 7, the words "and net capital balance of Rupees five (05) million" shall be deleted;
- (3) In sub-regulation 2 of Regulation 7, after the words "futures exchange shall" the word "immediately" shall be deleted and replaced with the following words "allow a period of 30 calendar days to the futures broker to comply with the minimum capital requirement, failing which the futures exchange shall";
- (4) Sub-regulations 3, 4, 5 and 6 of regulation 7 shall be deleted;
- (5) In sub-regulation 1 of Regulation 9, after the words "along with" the words "an undertaking stating that it is in compliance with all regulatory requirements and" shall be added;
- (6) Sub-regulation 3 of Regulation 9 shall be deleted;
- (7) Sub-regulation 4 of Regulation 9 shall be substituted with the following, namely:-

"The Commission upon being satisfied that the applicant continues to meet the requirements for licensing, is in compliance with the provisions of the Act, any rules, regulations, notifications, directives, guidelines or codes issued thereunder and it is in the public interest and interest of the commodity market, may renew the licence of a futures broker as recommended by the futures exchange for another calendar year and convey the same to the futures exchange for onward dissemination to all stakeholders."
- (8) In sub-regulation 6 of Regulation 9, after the word "may" the phrase "in addition to the criteria laid down for grant of license, also" shall be deleted.
- (9) In sub-regulation 3 of Regulation 11, after the word "shall", the phrase "be cancelled subject to the requirements of the Act" shall be replaced with the phrase "cease to be valid";

- (10) In sub-regulation 5 of Regulation 27, the word "monthly" shall be replaced with the word "quarterly". Additionally, the following proviso shall be inserted, namely:-
"Provided that any instance of non-compliance would be reported to the board of directors on an immediate basis."
- (11) Schedule II of the Regulations shall be deleted;
- (12) In Annexure B, Fit and Proper Criteria, the word "seven" in sub-clause (b) of clause (3) under the head Educational or other Qualification or Experience, shall be replaced with the word "five";
- (13) In Annexure B, Fit and Proper Criteria, under the head Educational or other Qualification or Experience, after sub-clause (c) of clause (3), the following proviso shall be inserted, namely-
"Provided that where a person possesses seven years of relevant experience of the financial services sector/capital markets/commodity business, the minimum qualification requirement provided in clause (a) may be relaxed."
- (14) Clause 4 of Form C of the Regulations shall be substituted by the following:
"An undertaking stating that the futures broker is compliant with all regulatory requirements including compliance with fit & proper criteria as specified in the Futures Brokers (Licensing and Operations) Regulations, 2018 is enclosed."
- (15) In Annexure A-1 of the Regulations, after the word "incorporation" appearing in clause 4.1, the phrase "and that of the certificate of commencement of business" shall be deleted;
- (16) In clause 4.10 of Annexure A-1 of the Regulations, the words "since its inception" shall be replaced with the words "for the latest financial year"; and
- (17) In clause 2 of Annexure A of the Regulations, the phrase "Copies of annual accounts of such companies and firms for the last three years along with summary of their paid-up share capital, free reserves, profit after tax and dividend payment to be provided" shall be deleted.

[No. SMD/SE/2(267)/2017]



(Bilal Rasul)

Secretary to the Commission