



PAKISTAN STOCK BROKERS ASSOCIATION

(A company setup under section 42 of the Companies Act 2017)

Regd Office: Mezzanine Floor, Trading Hall, Stock Exchange Building, Stock Exchange Road,
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PSBA/Notice-095

April 19, 2023

NOTICE FOR MEMBERS

COMMENTS ON PROPOSED AMENDMENTS TO CKO Regulations 2017 and NCCPL Regulations, 2015

This is in reference to the notification NCCPL/CM/APRIL-23/11 dated April 18, 2023 (**attached**), whereby the comments have been invited by the NCCPL:

1. Proposed Amendments in NCCPL Regulations Pertaining to DFC Position Limits.
2. Proposed Amendments in CKO Regulations Pertaining to Process Improvements.

In this regard, the members are hereby requested to kindly submit your comments, if any, at psamail024@gmail.com latest by **April 27, 2023**, so that a consolidated response is submitted to the authorities for their consideration.

sd
BILAL FAROOQ ZARDI
Secretary General

Copy to:

1. PSBA Website



National Clearing Company of Pakistan Limited
8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi

NCCPL/CM/APRIL-23/11
April 18, 2023

Proposed Amendments in the CKO Regulations 2017 and NCCPL Regulations, 2015 for Public Comments

Dear Clearing Members,

Please find enclosed herewith the following drafts of Proposed Amendments in the CKO Regulations 2017 and NCCPL Regulations 2015, which is self-explanatory, for Public Comments:

- Proposed Amendments in NCCPL Regulations Pertaining to DFC Position Limits.
- Proposed Amendments in CKO Regulations Pertaining to Process Improvements.

In this regard, all concerned are hereby requested to submit your Comments as per Annexure A at info@nccpl.com.pk, if any.

For any further queries or concerns, please feel free to contact the Customer Support Department at UAN 021-111-111-622 or visit our website www.nccpl.com.pk.

You can approach our Customer Support services through WhatsApp vide 021-111-111-622 or [Click here](#).

Regards,

_____sd
Adnan Akhtar
Senior Manager - CSS

PROPOSED AMENDMENTS IN NCCPL REGULATIONS, 2015 PERTAINING TO DFC POSITION LIMITS (CLIENT WIDE)

RATIONALE:

In November 2021, NCCPL performed a comprehensive analysis on DFC Position Limits covering the time period of MSCI Inclusion in 2017 to the period of Covid-19 and of year 2021 (where highest DFC exposures in last 5 years were observed).

At the conclusion of exercise, NCCPL amended its Regulations and enhanced market wide position limits as follows:

| DFC Eligible Security | Market Wide Position Limit (initial) | Market Wide Position Limit (Revised) |
|---|---|---|
| Highly Liquid (VAR based category A) Stocks | 40% of free Float | 50% of free Float |
| Liquid (VAR based category B) stocks | 36% of free Float | 40% of free Float |
| Less liquid (VAR based category C) stocks | - | 30% of free Float |

Further, 10% and 5% of market wide limit is made applicable as Broker wide and UIN wide limits respectively.

Suggestions were received from PSX and market participants to consider further relaxing the position limits in DFC market to generate more liquidity.

Accordingly, NCCPL performed analysis on the latest position available to check and ascertain the need to further enhance position limits in DFC stocks. It was noted that the market wide position limits prescribed for DFC market remained largely underutilized. Similar situation was witnessed in case of broker wide market limit. However, in case of UIN wide position limits, a few instances of maximum utilization were observed.

The data analysis was deliberated and in close consultation with PSX it was concluded to consider enhancing the UIN wide position limits. Further, the concentration margins applied in the DFC market were also revisited to determine the need for any revision on account of proposed enhancement in UIN wide position limits.

Following actions were finalized;

1. Increase the position limits of UINs from 5% of the market-wide position limit to 7%. The impact of increase is shown in the table below:

| DFC Eligible Security | UIN Wide Position Limit (initial) 5% of Market Wide Position Limit | UIN Wide Position Limit (Revised) 7% of Market Wide Position Limit |
|---|---|---|
| Highly Liquid (VAR based category A) Stocks | 2.5% of free Float | 3.5% of free Float |
| Liquid (VAR based category B) stocks | 2.0% of free Float | 2.8% of free Float |
| Less liquid (VAR based category C) stocks | 1.5% of the free float | 2.1% of the free float |

2. Drop the position limits of UINs and brokers that have submitted the PSD/Pre-payment and hence fulfilled the settlement obligation upfront.
3. Concentration margins should be increased in a manner whereby incremental rate should only be applied on the enhanced UIN wide positions limits.

Accordingly, necessary amendments have been proposed in the NCCPL Regulations, 2015 to incorporate the changes agreed with respect to the DFC market related position limits.

IMPACT:

These amendments will enhance the capacity of a Customer to take position in DFC contracts and thereby may lead to generation of more liquidity in the DFC market. Further, incremental concentration margins imposed over higher UIN wide position limit utilization will mitigate the risk. Furthermore, exposure drop out based on PSD/pre cash payment will also enhance trading capacity of customers and securities brokers.

TIME PERIOD:

These amendments have been approved by the Board and are placed on NCCPL’s website for seeking public comments for a period of 7 Days ending on April 28, 2023.

GUIDELINES FOR SUBMISSION OF PUBLIC COMMENTS:

NCCPL invites all stakeholders to provide their comments on the proposed amendments in NCCPL Regulations, 2015.

Respondent of the comments is required to fill the form given below as **Annexure A** along with the comments submitted to NCCPL. Comments with no or incomplete form will be disregarded. Further anonymous comments are discouraged by NCCPL, however the respondent may request confidentiality for its identity on all or any part of comments by filling the relevant section of the form.

NCCPL will publish the comments of respondents and its management’s response thereon in the form of a response paper, within a reasonable timeframe, after close of period mentioned above, unless the respondent has made a confidentiality request. However, NCCPL shall share all responses with the SECP.

By submitting comments, respondents are deemed to have consented to the collection, use and disclosure of data that is provided to NCCPL, unless respondents wish to keep their identity or comments confidential.

Annexure A

Form for submission of Public Comments to NCCPL

Regulation title: _____

Date: _____

| | |
|----------------------------|--|
| Name of respondent: | |
| Company name: | |
| Designation: | |
| Contact number: | |
| Email Address: | |

Please check the box if you wish to keep your identity and comments confidential:

- I wish to have my identity remain confidential.
- I wish to keep all of my comments confidential.
- I wish to keep parts of my comments confidential.

In case of last checkbox please mention part of comments in below section.

PROPOSED AMENDMENTS IN NCCPL REGULATIONS, 2015

| Existing Provisions | Proposed Amendments | Rationale |
|--|--|---|
| <p>10.3 Deliveries</p> <p>10.3.1 All deliveries of Securities pursuant to a deliver balance order produced in the balance order system shall be subject to the provisions of Regulations 10.4 to 10.10 of this Chapter.</p> <p>10.3.2 Clearing Member may deposit Securities, against his client, Associated entity and its clients and/or proprietary sell Position under ready market, GEM and Deliverable Future Contracts, with the Company on Trade Date or before the Settlement Date as per the Procedures. In such case the Company shall provide necessary relief to such Clearing Member in calculating Margins and Marked-to-Market Losses, to the extent of such pre-settlement tendered deliveries in accordance with its rules and regulations.</p> <p>The pre-settlement delivery mechanism shall be managed by the Company in accordance with the Procedures.</p> | <p>10.3 Deliveries</p> <p>10.3.1 All deliveries of Securities pursuant to a deliver balance order produced in the balance order system shall be subject to the provisions of Regulations 10.4 to 10.10 of this Chapter.</p> <p>10.3.2 Clearing Member may deposit Securities, against his client, Associated entity and its clients and/or proprietary sell Position under ready market, GEM and Deliverable Future Contracts, with the Company on Trade Date or before the Settlement Date as per the Procedures. In such case the Company shall provide necessary relief to such Clearing Member in calculating Margins, and Marked-to-Market Losses, and position limits, where applicable, to the extent of such pre-settlement tendered deliveries in accordance with its rules and regulations.</p> <p>The pre-settlement delivery mechanism shall be managed by the Company in accordance with the Procedures.</p> | <p>To include provisions for adjusting the position limits with respect to pre-settlements in DFC market.</p> |
| <p>12.5 EXPOSURE MARGINS:</p> <p>12.5.1 Margin requirements:</p> <p>(a) All trades/transactions in any Security or Securities shall be subject to the Margin requirements prescribed in these Regulations or such other additional Margins in this regard as the Company may, with the prior approval of the Commission, prescribe from time to time in addition hereto.</p> <p>(b) However, the total Margins requirements (including initial Margins, concentration Margins and/or special Margins) added together, for particular scrip under a UIN should not exceed its Exposure amount in any case. In case, where total Margin requirements exceed the Exposure amount, special Margins requirements shall be reduced to the extent of the exceeding amount.</p> | <p>12.5 EXPOSURE MARGINS:</p> <p>12.5.1 Margin requirements:</p> <p>(a) All trades/transactions in any Security or Securities shall be subject to the Margin requirements prescribed in these Regulations or such other additional Margins in this regard as the Company may, with the prior approval of the Commission, prescribe from time to time in addition hereto.</p> <p>(b) However, the total Margins requirements (including initial Margins, concentration Margins and/or special Margins) added together, for particular scrip under a UIN should not exceed its Exposure amount in any case. In case, where total Margin requirements exceed the Exposure amount, special Margins requirements shall be reduced to the extent of the exceeding amount.</p> | <p>To include provisions for adjusting the position limits with respect to pre-settlement in DFC market.</p> |

| | | |
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| <p>(c) Pre-Settlement under Ready Delivery Contract Market, GEM, Debt Market or Deliverable Futures Contract Market: In case where a UIN-wise net-seller in a Security Deposits the net-sold deliveries and/or net-buyer in a Security Deposits net cash against such net-buy with the Company, all his Margin requirements and Mark-to-Market Losses/Profits to the extent of such pre-settlement shall not be taken into account by the Company, while calculating such Clearing Member’s Capital Adequacy limits and Margin requirements for respective Market. The pre-settlement delivery mechanism shall be managed by the Company in accordance with the Procedures.</p> | <p>(c) Pre-Settlement under Ready Delivery Contract Market, GEM, Debt Market or Deliverable Futures Contract Market: In case where a UIN-wise net-seller in a Security Deposits the net-sold deliveries and/or net-buyer in a Security Deposits net cash against such net-buy with the Company, all his Margin requirements, and position limits Mark-to-Market Losses/Profits, position limits to the extent of such pre-settlement shall not be taken into account by the Company, while calculating such Clearing Member’s Capital Adequacy limits, position limits and Margin requirements for respective Market. The pre-settlement delivery mechanism shall be managed by the Company in accordance with the Procedures.</p> | |
| <p>12.8 POSITION LIMITS:</p> <p>12.8.1 No Clearing Member shall have open Positions in client/Associated Entity and its clients/proprietary trades in any Security/contract in All Markets for more than the limit prescribed in Schedule-IV hereto. Furthermore, overall Market-wide as well as Clearing Member-wide Position limits are also applicable as specified in Schedule-IV hereto.</p> <p>12.8.2 All Position limits shall be monitored by the Company through a preventive automated mechanism, whereby trading activity beyond such prescribed limits shall not be allowed. Provided that in case of TOSB (Keeping limited custody) availing services of PCM and/or TCSB, the Position limits in terms of all its trades executed by itself and/or trades executed through PCM and/or TCSB will be monitored on post trade basis in accordance with the manner prescribed in the procedures and in case of breach, TOSB (Keeping limited custody) will be restricted to take any further position till the time such TOSB (Keeping limited custody) has rectified the breach within the timeline prescribed in the procedures. Provided that the Company may, for reasons to be recorded, relax requirements prescribed under this Regulation subject to such terms and</p> | <p>12.8 POSITION LIMITS:</p> <p>12.8.1 No Clearing Member shall have open Positions in client/Associated Entity and its clients/proprietary trades in any Security/contract in All Markets for more than the limit prescribed in Schedule-IV hereto. Furthermore, overall Market-wide as well as Clearing Member-wide Position limits are also applicable as specified in Schedule-IV hereto.</p> <p>12.8.2 All Position limits shall be monitored by the Company through a preventive automated mechanism, whereby trading activity beyond such prescribed limits shall not be allowed. Provided that in case of TOSB (Keeping limited custody) availing services of PCM and/or TCSB, the Position limits in terms of all its trades executed by itself and/or trades executed through PCM and/or TCSB will be monitored on post trade basis in accordance with the manner prescribed in the procedures and in case of breach, TOSB (Keeping limited custody) will be restricted to take any further position till the time such TOSB (Keeping limited custody) has rectified the breach within the timeline prescribed in the procedures. Provided that the Company may, for reasons to be</p> | <p>To include provisions for adjusting the position limits with respect to pre-settlement in DFC market.</p> |

| | | |
|---|--|--|
| <p>conditions as are considered appropriate under the circumstances, with the prior approval from the Commission. Further, provided that in the case of SIF contracts:</p> <p>(a) Net long and short Positions of the Clearing Member and his clients and/or Associated Entity and its clients shall be added for the purpose of calculating Clearing Member level open interest in SIF.</p> <p>(b) For the purpose of calculating the open interest limits the cumulative open interest in all the SIF contracts will be taken into account.</p> <p>(c) For the purpose of determining Market wide total open interest in any SIF contract, sum of either all net buy Positions or all net sale Positions on UIN basis in the SIF contract shall be considered.</p> <p>(d) For the purpose of determining Clearing Member-level and client and/or Associated Entity and its clients level open interest, no netting shall be allowed across offsetting Position in SIF contract with different expiry date, for calculation of Position limits.</p> <p>12.8.3 For the purpose of calculating the Position limits in the index options Market, the open interest in all option contracts of a particular Underlying index on UIN basis would be taken into account. For the purpose of determining Clearing Member-level and client and/or Associated Entity and its clients level Open Interest for calculation of Position limits, no netting shall be allowed across offsetting Position in option contracts of a particular Underlying Index having different Expiration Day.</p> | <p>recorded, relax requirements prescribed under this Regulation subject to such terms and conditions as are considered appropriate under the circumstances, with the prior approval from the Commission. Further, provided that in the case of SIF contracts:</p> <p>(a) Net long and short Positions of the Clearing Member and his clients and/or Associated Entity and its clients shall be added for the purpose of calculating Clearing Member level open interest in SIF.</p> <p>(b) For the purpose of calculating the open interest limits the cumulative open interest in all the SIF contracts will be taken into account.</p> <p>(c) For the purpose of determining Market wide total open interest in any SIF contract, sum of either all net buy Positions or all net sale Positions on UIN basis in the SIF contract shall be considered.</p> <p>(d) For the purpose of determining Clearing Member-level and client and/or Associated Entity and its clients level open interest, no netting shall be allowed across offsetting Position in SIF contract with different expiry date, for calculation of Position limits.</p> <p>12.8.3 For the purpose of calculating the Position limits in the index options Market, the open interest in all option contracts of a particular Underlying index on UIN basis would be taken into account. For the purpose of determining Clearing Member-level and client and/or Associated Entity and its clients level Open Interest for calculation of Position limits, no netting shall be allowed across offsetting Position in option contracts of a particular Underlying Index having different Expiration Day.</p> <p><u>12.8.4 For the purpose of determining market, Clearing Member, client and/or Associated Entity and its client level position limits in the Deliverable Futures Contract</u></p> | |
|---|--|--|

| | | |
|--|---|--|
| | <p><u>Market, impact of following pre-settlements shall be taken into account by the Company, while calculating position limits for respective Market in a manner whereby the impact of such pre-settlements will be adjusted when computing position limits:</u></p> <ul style="list-style-type: none">a) <u>In case where a UIN-wise net-seller deposits the net-sold deliveries to the Company on Trade date or before settlement date.</u>b) <u>In case where net-buyer in a Security deposits net cash against such net-buy with the Company on Trade date or before settlement date.</u> <p><u>All pre-settlements shall be carried out in accordance with the manner prescribed in the Procedures</u></p> | |
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Schedule-IV Existing (Extracts)

POSITION LIMITS

1. DELIVERABLE FUTURE CONTRACTS, CASH SETTLED FUTURE CONTRACTS, STOCK INDEX FUTURE CONTRACTS, INDEX OPTIONS AND READY MARKET

| Position Limit | Deliverable Futures Contracts (Cumulative Position limits based on the total open interest in a Security across all Derivatives contracts) | Cash Settled Futures Contract (Cumulative Position limits based on the total open interest in a Security across all derivatives contracts) | Stock Index Futures Contracts based on per product (KSE - 30/Each sector index) | Index Option Market based on Contracts per underlying index | Ready Market Contracts (Position limit will be based on the volume in a Security) |
|---|---|---|--|--|--|
| Client wide (this limit is also applicable to the TOSB (keeping limited custody), TSSB and TCSB's proprietary Position) | 5% of the above mentioned Market Wide Position limit for each Security (based on Category) for a TOSB (keeping limited custody), TSSB and TCSB Clearing Member's individual clients/Associated Entities and its clients. For financial institutions and mutual funds clients trading at the Exchange, each such institution will have a limit of 5% of the Market Wide Position limit mentioned above. (Client Position will be universal and determined on UIN basis) | 5% of the above mentioned Market Wide Position limit for each Security for a TOSB (keeping limited custody), TSSB and TCSB Clearing Member's individual clients/Associated Entities and its clients. For financial institutions and mutual funds clients trading at the Exchange, each such institution will have a limit of 5% of the Market wide Position limit mentioned above. (Client Position will be universal and determined on UIN basis) | 1% of the total open interest or 1,000 contracts (Whichever is higher) | 1% of the total open interest or 1,000 contracts (Whichever is higher) | No limit |

* Categories A, B and C refer to the Categorization of Securities specified in regulation 12.5.2(a).

Schedule-IV – Proposed (Extracts)

POSITION LIMITS

1. DELIVERABLE FUTURE CONTRACTS, CASH SETTLED FUTURE CONTRACTS, STOCK INDEX FUTURE CONTRACTS, INDEX OPTIONS AND READY MARKET

| Position Limit | Deliverable Futures Contracts (Cumulative Position limits based on the total open interest in a Security across all Derivatives contracts) | Cash Settled Futures Contract (Cumulative Position limits based on the total open interest in a Security across all derivatives contracts) | Stock Index Futures Contracts based on per product (KSE - 30/Each sector index) | Index Option Market based on Contracts per underlying index | Ready Market Contracts (Position limit will be based on the volume in a Security) |
|---|--|--|--|--|--|
| Client wide (this limit is also applicable to the TOSB (keeping limited custody), TSSB and TCSB's proprietary Position) | <p>57% of the above mentioned Market Wide Position limit for each Security (based on Category) for a TOSB (keeping limited custody), TSSB and TCSB Clearing Member's individual clients/Associated Entities and its clients.</p> <p>For financial institutions and mutual funds clients trading at the Exchange, each such institution will have a limit of 5% of the Market Wide Position limit mentioned above. (Client Position will be universal and determined on UIN basis)</p> | <p>5% of the above mentioned Market Wide Position limit for each Security for a TOSB (keeping limited custody), TSSB and TCSB Clearing Member's individual clients/Associated Entities and its clients.</p> <p>For financial institutions and mutual funds clients trading at the Exchange, each such institution will have a limit of 5% of the Market wide Position limit mentioned above. (Client Position will be universal and determined on UIN basis)</p> | 1% of the total open interest or 1,000 contracts (Whichever is higher) | 1% of the total open interest or 1,000 contracts (Whichever is higher) | No limit |

* Categories A, B and C refer to the Categorization of Securities specified in regulation 12.5.2(a).

**Schedule – VI- Existing (Extracts)
Concentration Margin Deposit**

| CONCENTRATION MARGIN SLABS | | | | | |
|--|----|-----|---|------|-----------------------|
| %AGE OF DFC/CSF POSITION TO TOTAL DFC/CSF POSITION | | AND | %AGE OF DFC/CSF POSITION TO FREE-FLOAT OF SCRIP | | CONCENTRATION MARGINS |
| UIN-WIDE SECURITY CONCENTRATION SLABS AND RATES | | | | | |
| Greater than | 1 | " | Greater than | 0.50 | 0.50 |
| Greater than | 2 | " | Greater than | 0.75 | 1.00 |
| Greater than | 5 | " | Greater than | 1.00 | 1.50 |
| Greater than | 10 | " | Greater than | 1.25 | 2.50 |
| Greater than | 20 | " | Greater than | 1.50 | 3.50 |
| Greater than | 30 | " | Greater than | 1.75 | 4.50 |
| Greater than | 40 | " | Greater than | 2.00 | 5.00 |

Note:

1. All three tier Concentration Margins in DFC and CSF will be applied on 'AND' basis and shall be applicable on the basis of average of the Margins corresponding to the two applicable slabs.
2. First three slabs of market wide concentration margins shall only be collected from the Clearing Members on which either the Securities Broker-wide security concentration slab or UIN-wide security concentration slabs, specified in the above table, have been reached.
3. Market wide concentration margins determined under the last three market-wide security concentration slabs shall be collected from all Clearing Members.

**Schedule – VI – Proposed (Extracts)
Concentration Margin Deposit**

| CONCENTRATION MARGIN SLABS | | | | | |
|--|-----------|----------|--|-------------|-----------------------|
| %AGE OF DFC/CSF POSITION TO TOTAL DFC/CSF POSITION | | AND | % AGE OF DFC/CSF POSITION TO FREE FLOAT OF SCRIP | | CONCENTRATION MARGINS |
| UIN-WIDE SECURITY CONCENTRATION SLABS AND RATES | | | | | |
| Greater than | 1 | " | Greater than | 0.50 | 0.50 |
| Greater than | 2 | " | Greater than | 0.75 | 1.00 |
| Greater than | 5 | " | Greater than | 1.00 | 1.50 |
| Greater than | 10 | " | Greater than | 1.25 | 2.50 |
| Greater than | 20 | " | Greater than | 1.50 | 3.50 |
| Greater than | 30 | " | Greater than | 1.75 | 4.50 |
| Greater than | 40 | " | Greater than | 2.00 | 5.00 |
| Greater than | 45 | " | Greater than | 2.50 | 15.00 |
| Greater than | 50 | " | Greater than | 3.00 | 25.00 |

Note:

1. All three tier Concentration Margins in DFC and CSF will be applied on 'AND' basis and shall be applicable on the basis of average of the Margins corresponding to the two applicable slabs.
2. First three slabs of market wide concentration margins shall only be collected from the Clearing Members on which either the Securities Broker-wide security concentration slab or UIN-wide security concentration slabs, specified in the above table, have been reached.
3. Market wide concentration margins determined under the last three market-wide security concentration slabs shall be collected from all Clearing Members.
4. **The last two slabs of UIN wide Concentration Margins shall be applied on incremental basis whereby 15% and / or 25% Concentration Margin will only be applied with respect to UIN's exposure exceeding 2.5% or 3.0% of the free float of a DFC eligible security.**

PROPOSED AMENDMENTS IN CKO REGULATIONS, 2017 ON ACCOUNT OF SUGGESTED IMPROVEMENTS

RATIONALE:

The National Clearing Company of Pakistan Limited 'NCCPL' has been providing service as a Centralized KYC Organization 'CKO' to facilitate the market participants. The CKO related services have been regularly reviewed and efforts are made to extend full support and adopt measures that can further simplify the applicable KYC process.

As part of this endeavor, consultative sessions are carried out with market participants and AIs, a few recommendations were received which were thoroughly evaluated and reviewed.

Following matters were considered:

1. Conversion from Sahulat to Normal Account:

Currently, when an AI changes the account status of its investor from Sahulat to Normal account it has to close the existing client code created with the type "Sahulat" and create a new client code. It is recommended that the requirement to close the Sahulat related client code be removed to ensure operational efficiency. Accordingly, it is proposed that existing client code shall be automatically converted from Sahulat to Normal and transmitted to PSX and CDC for information on real-time basis.

2. Customer to maintain multiple mobile, email and IBAN Numbers as part of its profile:

As per CKO Regulations, 2017, the resident individual Pakistani Customers are required to provide mobile number and non-resident and corporate clients are required to provide email address. The Regulations do not explicitly allow inclusion of more than one such mobile, email or IBAN. It is recommended that the AI should be able to include more than one mobile number, email and IBAN when registering the Customer. All these additional details, where applicable, will be verified by CKO, however, one such mobile, email/IBAN shall be marked as principle information and will be used for intended purposes. The AI could change the principle contact detail in the system when needed.

3. Multiple accounts during UKN issuance process:

As per CKO Regulations, during the UKN issuance process, the Customer cannot open account with other AI. To facilitate the Customers, it is recommended that multiple account opening during the UKN issuance process may be allowed.

All the above recommendations have been duly agreed. Accordingly, amendments have been proposed to implement the recommendations received from the concerned stakeholders to further simplify the KYC process in order to facilitate Customers.

IMPACT:

These amendments are expected to further simplify the KYC process and will facilitate the Authorized Intermediaries and the Customers.

TIME PERIOD:

These amendments have been approved by the Board and are placed on NCCPL's website for seeking public comments for a period of 7 Days ending on April 28, 2023.

GUIDELINES FOR SUBMISSION OF PUBLIC COMMENTS:

NCCPL invites all stakeholders to provide their comments on the proposed amendments in CKO Regulations, 2017.

Respondent of the comments is required to fill the form given below as **Annexure A** along with the comments submitted to NCCPL. Comments with no or incomplete form will be disregarded. Further anonymous comments are discouraged by NCCPL, however the respondent may request confidentiality for its identity on all or any part of comments by filling the relevant section of the form.

NCCPL will publish the comments of respondents and its management’s response thereon in the form of a response paper, within a reasonable timeframe, after close of period mentioned above, unless the respondent has made a confidentiality request. However, NCCPL shall share all responses with the SECP.

By submitting comments, respondents are deemed to have consented to the collection, use and disclosure of data that is provided to NCCPL, unless respondents wish to keep their identity or comments confidential.

Annexure A

Form for submission of Public Comments to NCCPL

Regulation title: _____

Date: _____

| | |
|----------------------------|--|
| Name of respondent: | |
| Company name: | |
| Designation: | |
| Contact number: | |
| Email Address: | |

Please check the box if you wish to keep your identity and comments confidential:

- I wish to have my identity remain confidential.
- I wish to keep all of my comments confidential.
- I wish to keep parts of my comments confidential.

In case of last checkbox please mention part of comments in below section.

PROPOSED AMENDMENTS IN CKO REGULATIONS, 2017

| Existing | Proposed | Rationale |
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| <p>9.1 Registration and Issuance of UKN</p> <p>9.1(ia) It shall be mandatory for the Authorized Intermediary to obtain mobile numbers of individual domestic Customer and email address for local non-resident, foreign individual, local and foreign corporate entities on KYC Application Form. Further, the mobile number and the email address should be registered in the name of the Customer of the Authorized Intermediary. One email address or mobile number can only be attached with one UKN.</p> <p>Provided that the Authorized Intermediary may, in special circumstances upon receipt of duly signed written authorization, on the prescribed format, from both the local domestic Customer and the person whose mobile number is to be provided, use the mobile number of close family member and provide such mobile number in KYC Application Form for issuance of UKN. The CKO may request any documentary support for establishing the relationship between the Customer for whom UKN issuance is requested and the person whose mobile number is used in KYC Application Form.</p> <p>Additionally, Authorized Intermediary may use mobile number in the KYC Application Form issued to its domestic Individual Customer by its employer subject to the conditions that the domestic individual Customer produce the bill of service provider in accordance with procedures and a letter from his employer stating that the said mobile number is provided by employer to its employee.</p> <p>Further, in case of collective investment schemes managed by an asset management company or a group of companies, whether local or foreign corporate entities including IBDs, the Authorized Intermediary may use an email address in more than one KYC Application Forms subject to such terms and conditions as may be prescribed under the Procedures. Explanation: "For the purpose of these Regulations, the term" close family member" shall mean and include wife, dependent parents and dependent children only.</p> | <p>9.1 Registration and Issuance of UKN</p> <p>9.1(ia) It shall be mandatory for the Authorized Intermediary to obtain mobile numbers of individual domestic Customer and email address for local non-resident, foreign individual, local and foreign corporate entities on KYC Application Form. Further, the mobile number and the email address should be registered in the name of the Customer of the Authorized Intermediary. One email address or mobile number can only be attached with one UKN.</p> <p>Provided that the Authorized Intermediary may, in special circumstances upon receipt of duly signed written authorization, on the prescribed format, from both the local domestic Customer and the person whose mobile number is to be provided, use the mobile number of close family member and provide such mobile number in KYC Application Form for issuance of UKN. The CKO may request any documentary support for establishing the relationship between the Customer for whom UKN issuance is requested and the person whose mobile number is used in KYC Application Form.</p> <p>Additionally, Authorized Intermediary may use mobile number in the KYC Application Form issued to its domestic Individual Customer by its employer subject to the conditions that the domestic individual Customer produce the bill of service provider in accordance with procedures and a letter from his employer stating that the said mobile number is provided by employer to its employee.</p> <p>Further, in case of collective investment schemes managed by an asset management company or a group of companies, whether local or foreign corporate entities including IBDs, the Authorized Intermediary may use an email address in more than one KYC Application Forms subject to such terms and conditions as may be prescribed under the Procedures. Explanation: "For the purpose of these Regulations, the term" close family member" shall mean and include wife, dependent parents and dependent children only.</p> | <p>Amendments are proposed to allow inclusion of multiple mobile, emails and IBAN numbers for a Customer of AI in KIS.</p> |

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| <p>Provided that in case where there are practical difficulties in complying with the requirements prescribed in these Regulations and /or Procedures, the CKO shall for reason to be recorded may provide exemption with respect to any such provision generally or on case to case basis in accordance with the manner prescribed in the Procedures including additional documentation/ requirements specified by the CKO. The CKO shall maintain a register and complete record of any such exemption allowed either on case to case basis or generally.</p> <p>Provided further, the Board shall jointly authorize senior management employees of the CKO for proposing and approving any such exemption.</p> | <p><u>Furthermore, CKO, in accordance with the manner and subject to such terms and conditions as are prescribed in the Procedures, allow the Authorized Intermediary to provide multiple mobile number, email address and IBAN for a Customer through KIS. However, all such additional information shall be duly verified, as applicable, in accordance with these Regulations and concerned AI shall be responsible for marking one mobile number or email address or IBAN as the primary information for the intended use. Further the AI shall also be allowed to change such principle information in the KIS.</u></p> <p>Provided that in case where there are practical difficulties in complying with the requirements prescribed in these Regulations and /or Procedures, the CKO shall for reason to be recorded may provide exemption with respect to any such provision generally or on case to case basis in accordance with the manner prescribed in the Procedures including additional documentation/ requirements specified by the CKO. The CKO shall maintain a register and complete record of any such exemption allowed either on case to case basis or generally.</p> <p>Provided further, the Board shall jointly authorize senior management employees of the CKO for proposing and approving any such exemption.</p> | |
| <p>9.2 Registration of Customers having UKN</p> <p>i. When a Customer has already obtained a valid UKN in the KYC Database and seeks to become a Customer of another Authorized Intermediary, the latter shall enter the UKN of Customer who has applied through the other Authorized Intermediary in KIS for tagging of client code/new account creation. In order to ensure the confidentiality of the KYC Information of such Customer, the KIS will only display the basic information of the Customer such as Name, UIN and UKN to such Authorized Intermediary.</p> <p>However, in case of an Authorized Intermediary that is a Professional Clearing Member or Securities Broker or CDC providing Online Account opening facility to its Individual Pakistani Customers, the</p> | <p>9.2 Registration of Customers having UKN</p> <p>i. When a Customer has already obtained a valid UKN in the KYC Database and seeks to become a Customer of another Authorized Intermediary, the latter shall enter the UKN of Customer who has applied through the other Authorized Intermediary in KIS for tagging of client code/new account creation. In order to ensure the confidentiality of the KYC Information of such Customer, the KIS will only display the basic information of the Customer such as Name, UIN and UKN to such Authorized Intermediary.</p> <p>However, in case of an Authorized Intermediary that is a Professional Clearing Member or Securities Broker or CDC providing Online Account opening facility to its Individual Pakistani Customers, the</p> | <p>Amendments are proposed to allow registration of UIN with other AIs while the UKN issuance request is in process with other AI.</p> |

conditions stipulated in Regulation 9a.1 relating to performing Customer verification as per applicable laws and regulations, ,obtaining of OTP from CKO shall remain applicable and only after its completion in the manner prescribed in the Procedures, the Authorized Intermediary shall enter the UKN of such Individual Pakistani Customer in KIS for tagging of client code/ new account creation.

Provided the CKO in case of Individual Pakistani Customer already having UKN and applying through another Professional Clearing Member or a Securities Broker for tagging of UKN, shall only verify the mobile number before issuing OTP in case the IBAN provided by the other Professional Clearing Member or Securities Broker is similar to the IBAN available in the CKO database, where a different IBAN or mobile number or email address, as the case may be, is provided by the other Professional Clearing Member or Securities Broker, the mobile number and / or IBAN shall be verified and after successful verification OTP shall be issued to the Individual Pakistani Customer. After successful completion of UKN tagging process with the other Professional Clearing Member or Securities Broker the IBAN, mobile number and or email address will also be updated in the CKO database.

ii. The Authorized Intermediary shall perform the KYC procedures in respect of a Customer which has already obtained a valid UKN in the KYC Database through another Authorized Intermediary, which it is required to conduct at the time any Customer registers with it under the laws and regulations applicable to that Authorized Intermediary including but not limited to obtaining all required identification documents, checking the copies of supporting documents with original, where required, and Biometric Verification or Customer verification where applicable. The Authorized Intermediary shall send a request through KIS to the CKO for tagging UKN of such Customer with its User ID. For that purpose, the Authorized Intermediary shall, within 5 working days from the date of electronic submission of the request through KIS, be required to send to the CKO, in case of foreign individuals, local and foreign corporates, either a scanned copy or a physical copy of

conditions stipulated in Regulation 9a.1 relating to performing Customer verification as per applicable laws and regulations, ,obtaining of OTP from CKO shall remain applicable and only after its completion in the manner prescribed in the Procedures, the Authorized Intermediary shall enter the UKN of such Individual Pakistani Customer in KIS for tagging of client code/ new account creation.

Provided the CKO in case of Individual Pakistani Customer already having UKN and applying through another Professional Clearing Member or a Securities Broker for tagging of UKN, shall only verify the mobile number before issuing OTP in case the IBAN provided by the other Professional Clearing Member or Securities Broker is similar to the IBAN available in the CKO database, where a different IBAN or mobile number or email address, as the case may be, is provided by the other Professional Clearing Member or Securities Broker, the mobile number and / or IBAN shall be verified and after successful verification OTP shall be issued to the Individual Pakistani Customer. After successful completion of UKN tagging process with the other Professional Clearing Member or Securities Broker the IBAN, mobile number and or email address will also be updated in the CKO database.

ii. The Authorized Intermediary shall perform the KYC procedures in respect of a Customer which has already obtained a valid UKN in the KYC Database through another Authorized Intermediary, which it is required to conduct at the time any Customer registers with it under the laws and regulations applicable to that Authorized Intermediary including but not limited to obtaining all required identification documents, checking the copies of supporting documents with original, where required, and Biometric Verification or Customer verification where applicable. The Authorized Intermediary shall send a request through KIS to the CKO for tagging UKN of such Customer with its User ID. For that purpose, the Authorized Intermediary shall, within 5 working days from the date of electronic submission of the request through KIS, be required to send to the CKO, in case of foreign individuals, local and foreign corporates, either a scanned copy or a physical copy of

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| <p>authorization letter as per standard format provided by the CKO, duly signed by the aforementioned type of Customer and the designated officer of the Authorized Intermediary.</p> <p>For resident individual Pakistani Customer, no further documentation is required from the Authorized Intermediary after the successful completion of Biometric / Customer Verification process. Further, in case of an individual Pakistani Customer of an Authorized Intermediary which is a Professional Clearing Member or Securities Broker or CDC providing online account opening facility no further documentation will be required where Online Account has been successfully opened in the mode and manner prescribed by CKO in the Procedures.</p> <p>Provided in case of a resident Individual Pakistani Customer already having UKN and seeking to become the Customer of another Authorized Intermediary, however, the one-time Biometric Verification required to be performed in accordance with Regulation 9.1 and / or 9a.1 of these Regulations is pending with respect to its initial account, such resident Individual Pakistani Customer shall be required to conduct it within time remaining, keeping in view the timeline prescribed when opening the initial account where such one-time Biometric was required to be performed.</p> <p>The Authorized Intermediary shall affix its stamp and seal on any supporting documents along with the name and designation of its authorized personnel to certify the completion of KYC requirements. When submitting the physical or scanned copy of the duly signed authority letter, the aforementioned stamp or seal with other required details shall be affixed on the physical or scanned copy of authority letter before scanning them.</p> <p>Further, the Authorized Intermediary may also affix electronic image of stamp or seal and other required details on the authority letter and supporting documents, subject to such terms and conditions as may be prescribed by the CKO in the Procedures.</p> <p>The CKO shall have the authority to direct the authorized intermediary to furnish</p> | <p>authorization letter as per standard format provided by the CKO, duly signed by the aforementioned type of Customer and the designated officer of the Authorized Intermediary.</p> <p>For resident individual Pakistani Customer, no further documentation is required from the Authorized Intermediary after the successful completion of Biometric / Customer Verification process. Further, in case of an individual Pakistani Customer of an Authorized Intermediary which is a Professional Clearing Member or Securities Broker or CDC providing online account opening facility no further documentation will be required where Online Account has been successfully opened in the mode and manner prescribed by CKO in the Procedures.</p> <p>Provided in case of a resident Individual Pakistani Customer already having UKN and seeking to become the Customer of another Authorized Intermediary, however, the one-time Biometric Verification required to be performed in accordance with Regulation 9.1 and / or 9a.1 of these Regulations is pending with respect to its initial account, such resident Individual Pakistani Customer shall be required to conduct it within time remaining, keeping in view the timeline prescribed when opening the initial account where such one-time Biometric was required to be performed.</p> <p>The Authorized Intermediary shall affix its stamp and seal on any supporting documents along with the name and designation of its authorized personnel to certify the completion of KYC requirements. When submitting the physical or scanned copy of the duly signed authority letter, the aforementioned stamp or seal with other required details shall be affixed on the physical or scanned copy of authority letter before scanning them.</p> <p>Further, the Authorized Intermediary may also affix electronic image of stamp or seal and other required details on the authority letter and supporting documents, subject to such terms and conditions as may be prescribed by the CKO in the Procedures.</p> <p>The CKO shall have the authority to direct the authorized intermediary to furnish</p> | |
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physical copies of the authority letter as and when required. In case of any failure to submit the requisite documents, the CKO may restrict the UIN tagging of such Customer with the Authorized Intermediary in accordance with Regulation 9.1 v(a) of these Regulations till the time the documents are provided.

The Customer who has already applied for the issuance of UKN as per clause 9.1 or 9a.1, as the case may be, shall not be allowed to apply for tagging with another account with any Authorized Intermediary till the completion of UKN creation and confirmation process as per clause 9.1 or 9a.1, provided in case of a resident Individual Pakistani Customer performing Customer Verification or opening the Online Account, UKN creation and confirmation process as per clause 9.1 or 9a.1 shall not be linked to performance of one-time Biometric Verification as prescribed in aforementioned Regulations which can be completed either before or after the UKN creation or confirmation process within the time prescribed by the CKO in the Procedures.

In case where UKN creation and confirmation process of a Customer is incomplete in KIS and such Customer wants to open an account with any other Authorized Intermediary, such Customer will request CKO in writing with proper justification and reason to do so. CKO, at its sole discretion, may accept or refuse the request of such Customer. Where the CKO accepts the request, the KYC information of the Customer that has already been verified, to the extent applicable, shall not be validated again by CKO.

iii. After necessary processing and verification of the request for tagging UKN

physical copies of the authority letter as and when required. In case of any failure to submit the requisite documents, the CKO may restrict the UIN tagging of such Customer with the Authorized Intermediary in accordance with Regulation 9.1 v(a) of these Regulations till the time the documents are provided.

The Customer who has already applied for the issuance of UKN as per clause 9.1 or 9a.1, as the case may be, shall not be allowed to apply for tagging with another account with any Authorized Intermediary till the completion of UKN creation and confirmation process as per clause 9.1 or 9a.1, provided in case of a resident Individual Pakistani Customer performing Customer Verification or opening the Online Account, UKN creation and confirmation process as per clause 9.1 or 9a.1 shall not be linked to performance of one-time Biometric Verification as prescribed in aforementioned Regulations which can be completed either before or after the UKN creation or confirmation process within the time prescribed by the CKO in the Procedures.

In case where UKN creation and confirmation process of a Customer is incomplete in KIS and such Customer wants to open an account with any other Authorized Intermediary, such Customer will request CKO in writing with proper justification and reason to do so. CKO, at its sole discretion, may accept or refuse the request of such Customer. Where the CKO accepts the request, the KYC information of the Customer that has already been verified, to the extent applicable, shall not be validated again by CKO. **Further, the request for UKN issuance received from the AI that initially started the process for Customer will be terminated.**

Provided the CKO, may allow a Customer to simultaneously open account with AI and register its UIN during the period when its UKN issuance is already in process from another AI without terminating the initial UKN issuance request in such manner and subject to such terms and conditions as are prescribed in the Procedures.

iii. After necessary processing and verification of the request for tagging UKN

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| <p>of a Customer with the User ID of Authorized Intermediary, the CKO shall within 10 working days from the date of receipt of the tagging request and the authorization letter electronically approve such request on KIS, and tag the UKN of the Customer with the User ID of such Authorized Intermediary. The status of conditional approval of the tagging of the Customer's UKN shall be communicated to the concerned Authorized Intermediary electronically through a report available on KIS. Where applicable, the UKN of the Authorized Intermediary's Customer shall be linked with his valid UIN.</p> <p>iv. An Authorized Intermediary, which is a Professional Clearing Member or a Securities Broker and / or a Futures Broker of PMEX or an Asset Management Company shall be required to initiate the process of tagging UKN of a Customer with its User ID through KIS by next working day, from the date of submission of application by the Customer. However, Biometric / Customer Verification / OTP generation for Online Account, as the case may be, shall be successfully performed at the time of registering the UIN of the Customer or at the time of issuance of the units of the Collective Investment Scheme under the management of Asset Management Company registered as an Authorized Intermediary. If these Authorized Intermediaries fail to initiate the process of UKN tagging, as explained in clause 9.2(ii), the CKO shall take action as stipulated in clause 9.1 (v) or 9a.1(vi) of these Regulations.</p> <p>v. The CKO shall not process any UKN tagging request which is incomplete and lacks supporting documents and shall communicate such shortcoming(s) to the relevant Authorized Intermediary who shall be required to remove such shortcomings within 10 working days of notification by the CKO, for further processing.</p> <p>vi. If an Authorized Intermediary fails to complete prescribed procedures under clause 9.2 within the stipulated timeframe, the CKO shall take action as stipulated in clause 9.1 (v) or 9a.1 (vi) of these Regulations.</p> | <p>of a Customer with the User ID of Authorized Intermediary, the CKO shall within 10 working days from the date of receipt of the tagging request and the authorization letter electronically approve such request on KIS, and tag the UKN of the Customer with the User ID of such Authorized Intermediary. The status of conditional approval of the tagging of the Customer's UKN shall be communicated to the concerned Authorized Intermediary electronically through a report available on KIS. Where applicable, the UKN of the Authorized Intermediary's Customer shall be linked with his valid UIN.</p> <p>iv. An Authorized Intermediary, which is a Professional Clearing Member or a Securities Broker and / or a Futures Broker of PMEX or an Asset Management Company shall be required to initiate the process of tagging UKN of a Customer with its User ID through KIS by next working day, from the date of submission of application by the Customer. However, Biometric / Customer Verification / OTP generation for Online Account, as the case may be, shall be successfully performed at the time of registering the UIN of the Customer or at the time of issuance of the units of the Collective Investment Scheme under the management of Asset Management Company registered as an Authorized Intermediary. If these Authorized Intermediaries fail to initiate the process of UKN tagging, as explained in clause 9.2(ii), the CKO shall take action as stipulated in clause 9.1 (v) or 9a.1(vi) of these Regulations.</p> <p>v. The CKO shall not process any UKN tagging request which is incomplete and lacks supporting documents and shall communicate such shortcoming(s) to the relevant Authorized Intermediary who shall be required to remove such shortcomings within 10 working days of notification by the CKO, for further processing.</p> <p>vi. If an Authorized Intermediary fails to complete prescribed procedures under clause 9.2 within the stipulated timeframe, the CKO shall take action as stipulated in clause 9.1 (v) or 9a.1 (vi) of these Regulations.</p> | |
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vii. The CKO shall send a confirmation letter to the Customer on the mailing or registered address or send scanned copy of letter through email on the email address of local corporate Customer, foreign individual and / or corporate Customer, informing him about the tagging of UKN in its KYC Database with the concerned Authorized Intermediary and shall seek his acknowledgement whether such request was made by him. The Customer may make such acknowledgement by delivering the acknowledgement letter (signed only by the authorized representative of or by the Customer) to the CKO or by sending a scanned copy of the acknowledgement letter through the email address which was listed by him in his KYC Application Form.

In case the Customer does not respond or give his acknowledgment within 15 working days from the date of the confirmation letter seeking acknowledgment in the case of foreign individual Customer, local and foreign corporate Customer, the CKO shall inform the respective Authorized Intermediary and shall take action as stipulated in clause 9.1 (v) and 9a.1(iv) of these Regulations. For the individual resident Pakistani Customer CKO shall send a confirmation message (SMS) on the mobile number of the individual resident Pakistani Customer provided in the KYC Application Form and available in the KIS informing regarding the tagging of the UKN with the respective Authorized Intermediary, however, in case of resident Individual Pakistani Customer already having UKN and seeking to become Customer of another Authorized Intermediary and the one-time Biometric Verification with respect to its initial account is pending, the UKN tagging with all Authorized Intermediaries shall be blocked in case the resident individual Pakistani Customer fails to successfully perform the one-time Biometric Verification within the remaining time period as per Regulation 9.2(ii). Further, the action prescribed in Regulation 9.1(v) and / or 9a.1(vi) of these Regulations shall also be taken with respect to the client codes registered with any/all Authorized Intermediaries. The restriction imposed shall be revoked after one-time Biometric Verification is performed by such Customer subject to such terms and

vii. The CKO shall send a confirmation letter to the Customer on the mailing or registered address or send scanned copy of letter through email on the email address of local corporate Customer, foreign individual and / or corporate Customer, informing him about the tagging of UKN in its KYC Database with the concerned Authorized Intermediary and shall seek his acknowledgement whether such request was made by him. The Customer may make such acknowledgement by delivering the acknowledgement letter (signed only by the authorized representative of or by the Customer) to the CKO or by sending a scanned copy of the acknowledgement letter through the email address which was listed by him in his KYC Application Form.

In case the Customer does not respond or give his acknowledgment within 15 working days from the date of the confirmation letter seeking acknowledgment in the case of foreign individual Customer, local and foreign corporate Customer, the CKO shall inform the respective Authorized Intermediary and shall take action as stipulated in clause 9.1 (v) and 9a.1(iv) of these Regulations. For the individual resident Pakistani Customer CKO shall send a confirmation message (SMS) on the mobile number of the individual resident Pakistani Customer provided in the KYC Application Form and available in the KIS informing regarding the tagging of the UKN with the respective Authorized Intermediary, however, in case of resident Individual Pakistani Customer already having UKN and seeking to become Customer of another Authorized Intermediary and the one-time Biometric Verification with respect to its initial account is pending, the UKN tagging with all Authorized Intermediaries shall be blocked in case the resident individual Pakistani Customer fails to successfully perform the one-time Biometric Verification within the remaining time period as per Regulation 9.2(ii). Further, the action prescribed in Regulation 9.1(v) and / or 9a.1(vi) of these Regulations shall also be taken with respect to the client codes registered with any/all Authorized Intermediaries. The restriction imposed shall be revoked after one-time Biometric Verification is performed by such Customer subject to such terms and

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| <p>conditions as are prescribed in the Procedures.</p> <p>viii. After receipt of acknowledgement from the Customer under clause (vii), the tagging of the Customer’s UKN with the user ID of the Authorized Intermediary shall be formally approved by the CKO. Status of formal approval shall be communicated to the Authorized Intermediary electronically through a report on KIS.</p> | <p>conditions as are prescribed in the Procedures.</p> <p>viii. After receipt of acknowledgement from the Customer under clause (vii), the tagging of the Customer’s UKN with the user ID of the Authorized Intermediary shall be formally approved by the CKO. Status of formal approval shall be communicated to the Authorized Intermediary electronically through a report on KIS.</p> | |
| <p>16. KYC for Sahulat Account</p> <p>16.1 Registration and Issuance of UKN</p> <p>i. The Authorized Intermediaries that are Professional Clearing Members or Securities Brokers and offering Sahulat Account opening facility to their individual resident Pakistani Customers in accordance with the relevant regulations of the Securities Exchange shall also be liable to obtain a duly filled Sahulat KYC Application Form provided in Annexure-IV and conduct Biometric Verification of the individual resident Pakistani Customers or alternatively perform Customer Verification as per the process prescribed in Regulations 16.1(i)(a).</p> <p>The Professional Clearing Member or Securities Brokers providing Online Sahulat Account opening facility to the resident individual Pakistani Customers shall follow the process, to the extent applicable, prescribed under Regulation 9a.1 of these Regulations relating to obtaining OTP and completing Online Account opening process.</p> <p>i(a). For resident individual Pakistani Customer, the Professional Clearing Member or a Securities Broker can perform the Customer Verification in replacement of Biometric Verification whereby after obtaining the duly filled and signed Sahulat KYC Application Form as prescribed in Annexure – IV, the Professional Clearing Member or a Securities Broker shall enter the information in the Central Portal or KIS as the case may be in accordance with the Procedures and request for the generation of a One Time Password "OTP", CKO after validating, IBAN, CNIC mobile number and/ or any other information as specified by CKO with approval of Commission shall send an OTP on the mobile number of the</p> | <p>16. KYC for Sahulat Account</p> <p>16.1 Registration and Issuance of UKN</p> <p>i. The Authorized Intermediaries that are Professional Clearing Members or Securities Brokers and offering Sahulat Account opening facility to their individual resident Pakistani Customers in accordance with the relevant regulations of the Securities Exchange shall also be liable to obtain a duly filled Sahulat KYC Application Form provided in Annexure-IV and conduct Biometric Verification of the individual resident Pakistani Customers or alternatively perform Customer Verification as per the process prescribed in Regulations 16.1(i)(a).</p> <p>The Professional Clearing Member or Securities Brokers providing Online Sahulat Account opening facility to the resident individual Pakistani Customers shall follow the process, to the extent applicable, prescribed under Regulation 9a.1 of these Regulations relating to obtaining OTP and completing Online Account opening process.</p> <p>i(a). For resident individual Pakistani Customer, the Professional Clearing Member or a Securities Broker can perform the Customer Verification in replacement of Biometric Verification whereby after obtaining the duly filled and signed Sahulat KYC Application Form as prescribed in Annexure – IV, the Professional Clearing Member or a Securities Broker shall enter the information in the Central Portal or KIS as the case may be in accordance with the Procedures and request for the generation of a One Time Password "OTP", CKO after validating, IBAN, CNIC mobile number and/ or any other information as specified by CKO with approval of Commission shall send an OTP on the mobile number of the resident</p> | <p>Amendments are proposed to include provisions with respect to the process to be followed when Sahulat account is changed to normal account. It was already covered under Regulations through KYC information update process. However, for clarity specific reference for conversion process is included in the Regulations.</p> |

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| <p>resident individual Pakistani Customer provided in the Sahulat KYC Application Form. After issuing OTP, CKO shall update the status in KIS for respective Professional Clearing Member or Securities Broker.</p> <p>The Professional Clearing Member or Securities Broker shall obtain the OTP from the Customer and enter the same in the KIS for initiating the UKN issuance process. Further, the resident Individual Pakistani Customer shall be required to perform one-time Biometric Verification within the time period prescribed by the CKO in the Procedures.</p> <p>Where the time limits prescribed by CKO for entering the OTP of the Securities Brokers has elapsed, in such circumstances, OTP generation request needs to be reprocessed again by providing the reason through KIS for inability to meet the timeline. However, in case of resident Individual Pakistani Customer that fails to successfully perform the one-time Biometric Verification within the time prescribed by the CKO in the Procedures, the CKO shall take the action as prescribed in Regulation 9.1(v), 9.1(viii), 9a.1(vi), and / or 9a.1(viii).</p> <p>ii. After completing such procedures in respect of an Individual resident Pakistani Customer performing Biometric Verification or Customer Verification or opening the Online Account, the Authorized Intermediary shall forthwith fill out and / or submit the electronic Sahulat KYC Application Form provided in Annexure-IV of these Regulations by using Central Portal to the CKO through KIS for further processing.</p> <p>iii. The Authorized Intermediary shall send the scanned copy of the Sahulat KYC Application Form duly filled and signed by the Individual resident Pakistani Customers or system generated copy of the KYC Application Form in case of online Account of individual resident Pakistani Customer opening the Sahulat Account in the manner as prescribed under Regulation 9.1(i) or 9a.1(i) of these Regulations.</p> <p>The CKO shall have the authority to direct the authorized intermediary to furnish signed copies of the Sahulat KYC Application Form and / or system generated copy of the</p> | <p>individual Pakistani Customer provided in the Sahulat KYC Application Form. After issuing OTP, CKO shall update the status in KIS for respective Professional Clearing Member or Securities Broker.</p> <p>The Professional Clearing Member or Securities Broker shall obtain the OTP from the Customer and enter the same in the KIS for initiating the UKN issuance process. Further, the resident Individual Pakistani Customer shall be required to perform one-time Biometric Verification within the time period prescribed by the CKO in the Procedures.</p> <p>Where the time limits prescribed by CKO for entering the OTP of the Securities Brokers has elapsed, in such circumstances, OTP generation request needs to be reprocessed again by providing the reason through KIS for inability to meet the timeline. However, in case of resident Individual Pakistani Customer that fails to successfully perform the one-time Biometric Verification within the time prescribed by the CKO in the Procedures, the CKO shall take the action as prescribed in Regulation 9.1(v), 9.1(viii), 9a.1(vi), and / or 9a.1(viii).</p> <p>ii. After completing such procedures in respect of an Individual resident Pakistani Customer performing Biometric Verification or Customer Verification or opening the Online Account, the Authorized Intermediary shall forthwith fill out and / or submit the electronic Sahulat KYC Application Form provided in Annexure-IV of these Regulations by using Central Portal to the CKO through KIS for further processing.</p> <p>iii. The Authorized Intermediary shall send the scanned copy of the Sahulat KYC Application Form duly filled and signed by the Individual resident Pakistani Customers or system generated copy of the KYC Application Form in case of online Account of individual resident Pakistani Customer opening the Sahulat Account in the manner as prescribed under Regulation 9.1(i) or 9a.1(i) of these Regulations.</p> <p>The CKO shall have the authority to direct the authorized intermediary to furnish signed copies of the Sahulat KYC Application Form and / or system generated copy of the</p> | |
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| <p>KYC Application Form and supporting documents as and when required. In case of any failure to submit the requisite documents, the CKO may restrict the UIN tagging of such Customer with the Authorized Intermediary in accordance with Regulation 9.1 v(a) of these Regulations till the time the documents are provided. Further, it shall be mandatory for the Authorized Intermediary to obtain mobile number of the Individual resident Pakistani Customers in accordance with the provisions stipulated under Regulation 9.1(ia) and 9a.1 of these Regulations.</p> <p>iv. The CKO after receiving the scanned copy of Sahulat KYC Application Form duly signed by the individual resident Pakistani Customer or the system generated copy of the KYC Application Form in case of Online Account shall perform all the processes and issue UKN in accordance with the applicable provisions stipulated under the Regulation 9.1 and 9a.1 of these Regulations.</p> <p>v. Any change in the KYC Information of a resident individual resident Pakistani Customers maintaining Sahulat Account online Sahulat Account with the Authorized Intermediary shall be carried out in the manner prescribed under Regulation 9.3 of these Regulations.</p> <p>vi. The Authorized Intermediary offering Sahulat Account opening facility to their individual resident Pakistani Customers can open the account of its resident individual Pakistani Customer based on Shared KYC Information in accordance with the manner and subject to such terms and conditions as may be prescribed by the CKO from time to time in the Procedures</p> | <p>KYC Application Form and supporting documents as and when required. In case of any failure to submit the requisite documents, the CKO may restrict the UIN tagging of such Customer with the Authorized Intermediary in accordance with Regulation 9.1 v(a) of these Regulations till the time the documents are provided. Further, it shall be mandatory for the Authorized Intermediary to obtain mobile number of the Individual resident Pakistani Customers in accordance with the provisions stipulated under Regulation 9.1(ia) and 9a.1 of these Regulations.</p> <p>iv. The CKO after receiving the scanned copy of Sahulat KYC Application Form duly signed by the individual resident Pakistani Customer or the system generated copy of the KYC Application Form in case of Online Account shall perform all the processes and issue UKN in accordance with the applicable provisions stipulated under the Regulation 9.1 and 9a.1 of these Regulations.</p> <p>v. Any change in the KYC Information of a resident individual resident Pakistani Customers maintaining Sahulat Account online Sahulat Account with the Authorized Intermediary shall be carried out in the manner prescribed under Regulation 9.3 of these Regulations.</p> <p>vi. The Authorized Intermediary offering Sahulat Account opening facility to their individual resident Pakistani Customers can open the account of its resident individual Pakistani Customer based on Shared KYC Information in accordance with the manner and subject to such terms and conditions as may be prescribed by the CKO from time to time in the Procedures</p> <p><u>vii. The Authorized Intermediary may request for update in the KYC information, to the extent applicable, on conversion of a Sahulat account to normal account in accordance with the applicable rules and regulations. All such requests shall be processed in the manner and subject to terms and conditions prescribed in Regulation 9.3 of these Regulations and the Procedures.</u></p> | |
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