



PAKISTAN STOCK BROKERS ASSOCIATION

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

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PSBA/Notice-084

October 25, 2022

NOTICE FOR MEMBERS

COMMENTS ON PROPOSED AMENDMENTS TO CKO REGULATIONS 2017 AND NCCPL REGULATIONS 2015

This is in reference to the notification NCCPL/CM/OCTOBER-22/10 dated October 25, 2022, whereby the comments have been invited by the NCCPL:

Proposed amendments in CKO Regulations pertaining to the use of the NADRA API service;
Proposed amendments in NCCPL Regulations pertaining to MF Rollover Transactions; and
Proposed amendments in NCCPL Regulations pertaining to Risk Management of GEM.

In this regard, the members are hereby requested to kindly submit your comments, if any, at psamail024@gmail.com latest by **November 1, 2022**, 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/OCTOBER-22/10
October 25, 2022

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

Dear Clearing Members,

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

- Proposed amendments in CKO Regulations pertaining to use of NADRA API service.
- Proposed amendments in NCCPL Regulations pertaining to MF Rollover Transaction.
- Proposed amendments in NCCPL Regulations pertaining to Risk Management of GEM.

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.

Regards,

_____sd_____
Adnan Akhtar
Senior Manager - CSS

**PROPOSED AMENDMENTS IN THE CKO REGULATIONS, 2017 PERTAINING TO VERIFICATION OF KYC INFORMATION
USING THE API SERVICES PROVIDED BY NADRA**

RATIONALE

The NCCPL has been licensed to act as a Centralized KYC Organization “CKO” under the CKO Rules, 2017. The information obtained through KYC forms submitted to NCCPL as CKO are verified, where possible, using third party independent services before issuing the UKN. Initially, biometric verification for all resident individual Customers of Securities Brokers was mandatory and subsequently Customer Verification process and Online Account opening facility was introduced. Under both options, after validating CNIC, mobile number and IBAN, an OTP is generated that is used for completing the account opening process with an Authorized Intermediary.

Further, CNIC related details are manually fetched using VERISYS of NADRA which sometimes leads to delay in generation of OTP while mobile number and IBAN could be verified on runtime basis. This delay impacts Customer Verification/online account opening process since the onboarding journey breaks and the customer has to wait for the OTP.

After concerted efforts made by CKO in close coordination and support from SECP, NADRA accepted CKO’s request to provide API based connectivity for immediate CNIC verification for resident individual Pakistani Customers, however, it will be mandatory for such a Customer to perform one-time biometric verification within a period prescribed by CKO in the Procedures, through a mobile application made available by CKO or using such other means as may be prescribed by the CKO.

This facility will only be available for resident individual Pakistani customers and for non-resident individual Pakistani customers, it has been proposed that the OTP will be generated on verification of two information which will ensure that the OTP for them will also be generated without any delay, subject to availability of services used for verification of the two information.

Accordingly, necessary amendments have been proposed in CKO Regulations, 2017 for implementing the proposed mechanism for Customer Verification and Online Account opening process for resident individual Pakistani customers.

IMPACT

It will facilitate the resident individual Pakistani Customers in expeditiously completing the OTP generation process and gain access to the market in shorter time. Further, it will transform Customer Verification and Online Account opening into a straight through process.

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 November 01, 2022.

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.

Existing Regulations	Proposed Regulations	Rationale
<p>5 Definition</p> <p>Biometric Application:</p> <p>means the application prescribed by Company for carrying out the Biometric Verification.</p> <p>Biometric Verification:</p> <p>a. shall mean and include the verification performed through retrieval and obtaining of biometric scan of the finger prints of the individual domestic Customer (based or residing in Pakistan) on or via following modes connected with and linked through the NADRA verification services made available by the Company;</p> <p>i) Biometric Devices available at Authorized Intermediary or at the NCCPL's offices.</p> <p>ii) Biometric Devices available at the outlets of entities prescribed by CKO.</p> <p>iii) Smart mobile phone application prescribed by CKO.</p> <p>b. When performing Biometric Verification through modes prescribed under a(ii) and a(iii) above, the Customer shall be required to contact the Authorized Intermediary for obtaining a processing code before performing the Biometric Verification. The Authorized Intermediary shall obtain the processing code from KIS in the manner prescribed by the Company from time to time. The processing code shall be unique for each Customer.</p> <p>c. Biometric Verification may not be mandatory for the Customers of Authorized Intermediary that are physically disabled and /or are of old age (where such Biometric Verification is not possible). For all such Customers of Authorized Intermediaries, CKO shall prescribe the mode and manner of</p>	<p>5 Definition</p> <p>Biometric Application:</p> <p>means the <u>mobile based or other</u> application prescribed by Company for carrying out the Biometric Verification.</p> <p>Biometric Verification:</p> <p>a. shall mean and include the verification performed through retrieval and obtaining of biometric scan of the finger prints of the individual domestic Customer (based or residing in Pakistan) on or via following modes connected with and linked through the NADRA verification services made available by the Company;</p> <p>i) Biometric Devices available at Authorized Intermediary or at the NCCPL's offices.</p> <p>ii) Biometric Devices available at the outlets of entities prescribed by CKO.</p> <p>iii) Smart mobile phone application prescribed by CKO.</p> <p>b. When performing Biometric Verification through modes prescribed under a(ii) and a(iii) above, the Customer shall be required to contact the Authorized Intermediary for obtaining a processing code before performing the Biometric Verification. The Authorized Intermediary shall obtain the processing code from KIS in the manner prescribed by the Company from time to time. The processing code shall be unique for each Customer.</p> <p>e.b. Biometric Verification may not be mandatory for the Customers of Authorized Intermediary that are physically disabled and /or are of old age (where such Biometric Verification is not possible). For all such Customers of Authorized Intermediaries, CKO shall prescribe the mode and manner of</p>	<ol style="list-style-type: none"> 1. To update term biometric application for including mobile based application. 2. To include provisions relating to NADRA API Services for Biometric Verification. 3. To include provisions relating to NADRA API Services for Customer Verification. 4. To remove the process whereby a code was required to be obtained from the CKO for biometric verification as the same has become redundant.

performing the verification in substitution of Biometric Verification along with the supporting documents that may be required in the Procedures or the Customer Verification can be performed for such Customers.

- d. The CKO under emergent circumstances may prescribe, through written notice alternate methods in substitution of Biometric Verification for a specified time period subject to such terms and conditions as are considered expedient under the circumstances and after obtaining prior approval from the Commission.

New Insertion

Customer Verification

shall mean and include the KYC data and its verification in replacement of Biometric Verification whereby CKO shall validate the Computerized National Identity Card "CNIC"/National Identity Card for Overseas Pakistani "NICOP", Smart National Identity Card "SNIC", Alien Registration Card "ARC", Pakistan Origin Card POC", International Bank Account Number" IBAN" and mobile number for resident Pakistani Individual Customer of an Authorized Intermediary or such other information as may be specified by the CKO with the approval of the Commission for issuing a One Time Password "OTP".

performing the verification in substitution of Biometric Verification along with the supporting documents that may be required in the Procedures or the Customer Verification can be performed for such Customers.

- ~~d.-c.~~ The CKO under emergent circumstances may prescribe, through written notice alternate methods in substitution of Biometric Verification for a specified time period subject to such terms and conditions as are considered expedient under the circumstances and after obtaining prior approval from the Commission.

d. The CKO for the purpose of Customer Verification or Online Account may obtain and implement Application Programming Interface "API" based services from NADRA, under such circumstances, the resident individual Pakistani Customer completing the Customer Verification or Online Account opening based on these services shall be required to conduct one time Biometric Verification using option a(i), a(ii) or a(iii) above within the time period prescribed by the Company in such mode and manner as prescribed in the Procedures.

Customer Verification

shall mean and include the KYC data and its verification in replacement of Biometric Verification whereby CKO shall validate the Computerized National Identity Card "CNIC"/National Identity Card for Overseas Pakistani "NICOP", Smart National Identity Card "SNIC", Alien Registration Card "ARC", Pakistan Origin Card POC", International Bank Account Number" IBAN" and mobile number for resident Pakistani Individual Customer of an Authorized Intermediary or such other information as may be specified by the CKO with the approval of the Commission for issuing a One Time Password "OTP" **subject to the condition that such Customer shall be required to perform one time Biometric**

<p><u>New Insertion</u></p> <p>The Customer Verification process will remain subject to such terms and conditions as are prescribed by CKO in the in these Regulations and Procedures.</p> <p>Provided the CKO may, with the prior approval of the Commission, prescribe a different Customer Verification mechanism for existing Customers of the Authorized Intermediaries through the Procedures.</p>	<p><u>Verification within the time period prescribed by the CKO in the Procedures.</u></p> <p><u>Provided that the Customer, which has successfully performed the one-time Biometric Verification shall not be required to perform Biometric Verification while opening another account through Customer Verification either with the same or any other Authorized Intermediary.</u></p> <p>The Customer Verification process will remain subject to such terms and conditions as are prescribed by CKO in the in these Regulations and Procedures.</p> <p>Provided the CKO may, with the prior approval of the Commission, prescribe a different Customer Verification mechanism for existing Customers of the Authorized Intermediaries through the Procedures.</p>	
<p>9. Registration, Issuance and Tagging of UKN and Change in KYC Information</p> <p>9.1 Registration and Issuance of UKN</p> <p>i. The Authorized Intermediary shall carry out necessary KYC procedures in respect of a Customer as per the requirements of relevant laws and regulations and such procedures shall include but are not limited to obtaining a duly filled KYC Application Form provided in Annexure-II and Annexure-III along with all supporting documents specified in Annexure-I of these Regulations, verifying the copies of all the supporting documents with originals, where required, and conducting Biometric Verification, where required. After completing such procedures in respect of a Customer, the Authorized Intermediary shall forthwith fill out the electronic KYC Application Form provided in Annexure-II and Annexure-III of these Regulations with requisite KYC Information by using Central Portal mechanism or KIS as prescribed by the CKO from time to time. After insertion of KYC Information in such electronic KYC Application Form, the Authorized Intermediary shall send it electronically to the CKO through KIS for further processing.</p>	<p>9. Registration, Issuance and Tagging of UKN and Change in KYC Information</p> <p>9.1 Registration and Issuance of UKN</p> <p>i. The Authorized Intermediary shall carry out necessary KYC procedures in respect of a Customer as per the requirements of relevant laws and regulations and such procedures shall include but are not limited to obtaining a duly filled KYC Application Form provided in Annexure-II and Annexure-III along with all supporting documents specified in Annexure-I of these Regulations, verifying the copies of all the supporting documents with originals, where required, and conducting Biometric Verification, where required. After completing such procedures in respect of a Customer, the Authorized Intermediary shall forthwith fill out the electronic KYC Application Form provided in Annexure-II and Annexure-III of these Regulations with requisite KYC Information by using Central Portal mechanism or KIS as prescribed by the CKO from time to time. After insertion of KYC Information in such electronic KYC Application Form, the Authorized Intermediary shall send it electronically to the CKO through KIS for further processing.</p>	<p>1. To include provisions relating to NADRA API Services for Biometric Verification.</p> <p>2. To include provisions relating to NADRA API Services for Customer Verification.</p>

In case where the Authorized Intermediary wants to perform Customer Verification in replacement of Biometric Verification for a resident Individual Pakistani Customer, the process relating to submitting the electronic KYC Application Form shall be performed using Central Portal mechanism or KIS as the case may be or in accordance with the manner prescribed in the Procedures. The CKO after receiving the electronic KYC Application Form as specified in Annexure-II shall perform Customer Verification and on its successful completion shall send an OTP on the designated mobile number of the resident individual Pakistani Customer of an Authorized Intermediary.

CKO shall update the status in KIS once the OTP is transmitted to the mobile number of the resident Individual Pakistani Customer. The Authorized Intermediary can then obtain the OTP from the Customer and enter it in the KIS within 48 hours from the time of submission of electronic KYC Application Form given in Annexure II in the KIS to enable CKO to start the UKN issuance process. However, the CKO may extend the time of 48 hours subject to such terms and conditions and in accordance with the manner prescribed in the Procedures.

New Insertion

In case of joint account holder(s), the Authorized Intermediary shall also be required to carry out Biometric / Customer Verification and proceed with KYC Application Form for each account holder separately through KIS or Central Portal, as the case may be, provided that such process shall not be required if such person already has a valid UKN, however, Biometric

In case where the Authorized Intermediary wants to perform Customer Verification in replacement of Biometric Verification for a resident Individual Pakistani Customer, the process relating to submitting the electronic KYC Application Form shall be performed using Central Portal mechanism or KIS as the case may be or in accordance with the manner prescribed in the Procedures. The CKO after receiving the electronic KYC Application Form as specified in Annexure-II shall perform Customer Verification and on its successful completion shall send an OTP on the designated mobile number of the resident individual Pakistani Customer of an Authorized Intermediary.

CKO shall update the status **of OTP issuance simultaneously** in KIS once the OTP is transmitted to the mobile number of the resident Individual Pakistani Customer. The Authorized Intermediary can then obtain the OTP from the Customer and enter it in the KIS within 48 hours from the time of submission of electronic KYC Application Form given in Annexure II in the KIS to enable CKO to start the UKN issuance process.

Further, the resident Individual Pakistani Customer shall be required to perform one-time Biometric Verification within such period of time and subject to such terms and conditions as may be prescribed in the Procedures. However, the CKO may extend the time of 48 hours **and / or one-time Biometric Verification** subject to such terms and conditions and in accordance with the manner prescribed in the Procedures.

In case of joint account holder(s), the Authorized Intermediary shall also be required to carry out Biometric / Customer Verification and proceed with KYC Application Form for each account holder separately through KIS or Central Portal, as the case may be, provided that such process shall not be required if such person already has a valid

<p>Verification / Customer Verification shall be required.</p> <p>The CKO may link the Central Portal or KIS as the case may be with certain services provided by vendors for the purpose of checking of certain KYC Information provided in the electronic KYC Application Form submitted to CKO. In case of any failure/unavailability of such linked services due to technical reason the electronic submission of KYC Application Form shall not be processed where Customer Verification is required to be performed in replacement of Biometric Verification till the time at least one information, subject to such terms and conditions as prescribed in the Procedure, validated by CKO for Customer Verification and OTP is issued, however, such Customer under the circumstances can choose to perform Biometric Verification to proceed with electronic submission of KYC Application Form where biometric verification has been successfully performed, However, the Authorized Intermediary or the CKO, as the case may be, shall check such information within 10 days of submission of KYC Application Form once the services become available or through such mode and means as may be prescribed by CKO in the Procedures. Failure to check any such KYC Information after the prescribed time period shall be dealt in accordance with the provisions prescribed under 9.1 (v) of these Regulations.</p> <p>The Authorized Intermediary shall obtain a physical copy or a scanned copy of the KYC Application Form duly filled and signed by the Customer in place of physical copy. The physical copy of the KYC Application Form or the scanned copy of the duly signed and filled KYC Application Form, as the case may be, shall be delivered to the CKO along with the relevant supporting documents by using a reliable postal or courier service or by hand-delivery at the designated offices of the CKO within 5 working days from the date of electronic submission of the KYC Application Form, provided, the physical copy of the KYC Application Form or the scanned copy of the</p>	<p>UKN, however, Biometric Verification / Customer Verification shall be required.</p> <p>The CKO may link the Central Portal or KIS as the case may be with certain services provided by vendors for the purpose of checking of certain KYC Information provided in the electronic KYC Application Form submitted to CKO. In case of any failure/unavailability of such linked services due to technical reason the electronic submission of KYC Application Form shall not be processed where Customer Verification is required to be performed in replacement of Biometric Verification till the time at least one information, subject to such terms and conditions as prescribed in the Procedure, is validated by CKO for Customer Verification and OTP is issued, however, such Customer under the circumstances can choose to perform Biometric Verification to proceed with electronic submission of KYC Application Form where biometric verification has been successfully performed, However, the Authorized Intermediary or the CKO, as the case may be, shall check such information within 10 days of submission of KYC Application Form once the services become available or through such mode and means as may be prescribed by CKO in the Procedures. Failure to check any such KYC Information after the prescribed time period shall be dealt in accordance with the provisions prescribed under 9.1 (v) of these Regulations.</p> <p>The Authorized Intermediary shall obtain a physical copy or a scanned copy of the KYC Application Form duly filled and signed by the Customer in place of physical copy. The physical copy of the KYC Application Form or the scanned copy of the duly signed and filled KYC Application Form, as the case may be, shall be delivered to the CKO along with the relevant supporting documents by using a reliable postal or courier service or by hand-delivery at the designated offices of the CKO within 5 working days from the date of electronic submission of the KYC Application Form, provided, the physical copy of the KYC Application Form or the scanned copy of the</p>	
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<p>duly signed and filled KYC Application Form with supporting documents may also be submitted through the upload functionality made available in the KIS or as per procedures. In case where scanned copies of the KYC Application Form and supporting documents are provided by Authorized Intermediary, the CKO shall have the authority to direct the authorized intermediary to furnish such signed copies of the 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.</p>	<p>duly signed and filled KYC Application Form with supporting documents may also be submitted through the upload functionality made available in the KIS or as per procedures. In case where scanned copies of the KYC Application Form and supporting documents are provided by Authorized Intermediary, the CKO shall have the authority to direct the authorized intermediary to furnish such signed copies of the 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.</p>	
<p>The Authorized Intermediary, when submitting the KYC Application Form, either physical copy or scanned copy of duly filled and signed KYC Application Form, with supporting documents either through, courier service or by hand, shall affix its stamp or seal on the KYC Application Form and the supporting documents along with the name and designation of the authorized personnel of the Authorized Intermediary in order to certify the completion of KYC requirements. When submitting the physical copy of the KYC Application Form or the scanned copy of the duly signed and filled KYC Application Form with supporting documents through the upload functionality specified above, the aforementioned stamp or seal with other required details shall be affixed on the copies of these documents before scanning them. Confirmation of successful Biometric / Customer Verification shall be electronically available to the Company, as a result of which the Authorized Intermediary shall not be required to send any physical document to the Company with respect to Biometric / Customer Verification.</p>	<p>The Authorized Intermediary, when submitting the KYC Application Form, either physical copy or scanned copy of duly filled and signed KYC Application Form, with supporting documents either through, courier service or by hand, shall affix its stamp or seal on the KYC Application Form and the supporting documents along with the name and designation of the authorized personnel of the Authorized Intermediary in order to certify the completion of KYC requirements. When submitting the physical copy of the KYC Application Form or the scanned copy of the duly signed and filled KYC Application Form with supporting documents through the upload functionality specified above, the aforementioned stamp or seal with other required details shall be affixed on the copies of these documents before scanning them. Confirmation of successful Biometric / Customer Verification shall be electronically available to the Company, as a result of which the Authorized Intermediary shall not be required to send any physical document to the Company with respect to Biometric / Customer Verification.</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</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</p>	

<p>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. 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>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. 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>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.</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.</p>	
<p>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>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>Provided that in case where there are practical difficulties in complying with the requirements prescribed in these Regulations and /or Procedures, the CKO</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</p>	

<p>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>ii. After receipt of physical or a scanned copy of the KYC Application Form duly signed by the Customer along with supporting documents, the CKO shall initiate necessary verification process in respect of the application made by a Customer. Verifiable KYC Information, provided by the Authorized Intermediary, shall be scrutinized in detail by the CKO through independent sources, wherever possible, in accordance with the Procedures or as notified by the CKO from time to time. The CKO shall determine the supporting documents that may be verified from independent sources and the validity of the remaining documents shall be determined by the CKO. The Authorized Intermediary shall assume full responsibility for the accuracy, authenticity and validity of the KYC Information and all supporting documents provided to CKO for registering the UKN.</p> <p>iii. The CKO shall complete processing and verification of the KYC Information within 10 working days from the date of receipt of the physical or a scanned copy of the KYC Application Form and supporting documents provided that all formalities and requirements in respect of a KYC Application Form have been complied with.</p> <p>iv. The CKO shall not process any KYC Application Form which is incomplete, or in</p>	<p>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>ii. After receipt of physical or a scanned copy of the KYC Application Form duly signed by the Customer along with supporting documents, the CKO shall initiate necessary verification process in respect of the application made by a Customer. Verifiable KYC Information, provided by the Authorized Intermediary, shall be scrutinized in detail by the CKO through independent sources, wherever possible, in accordance with the Procedures or as notified by the CKO from time to time. The CKO shall determine the supporting documents that may be verified from independent sources and the validity of the remaining documents shall be determined by the CKO. The Authorized Intermediary shall assume full responsibility for the accuracy, authenticity and validity of the KYC Information and all supporting documents provided to CKO for registering the UKN.</p> <p>iii. The CKO shall complete processing and verification of the KYC Information within 10 working days from the date of receipt of the physical or a scanned copy of the KYC Application Form and supporting documents provided that all formalities and requirements in respect of a KYC Application Form have been complied with.</p> <p>iv. The CKO shall not process any KYC Application Form which is incomplete, or in</p>	
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<p>which the information provided is incorrect or cannot be verified or if conflicting and contradictory information is provided or if complete or accurate supporting documents are not provided to it. Any shortcomings shall be communicated to the relevant Authorized Intermediary through report(s) made available to Authorized Intermediary in KIS who shall be required to obtain complete and accurate KYC Information from such Customer, and forward it to the CKO, within 10 working days of notification by the CKO through KIS, for further processing.</p> <p>iv(a) A Customer of an Authorized Intermediary that already has completed the KYC process with that Authorized Intermediary and holds a valid UKN shall not be required to perform any KYC related process when opening another trading / investment account with the same Authorized Intermediary.</p> <p>v. If an Authorized Intermediary or the Customer, as the case may be, fails to meet the timelines stipulated in these Regulations, the CKO shall take the following action:</p> <p>(a) In case where the Authorized Intermediary is a Professional Clearing Member or a Securities Broker, a system report in KIS will be made available to such Authorized Intermediary and NCCPL with the updated status, NCCPL shall block the UIN tagging of the Customer with such Authorized Intermediary and trading through such client code shall be restricted till removal of discrepancies. However, pending transactions of such Customer will be allowed to be settled through respective Professional Clearing Member or Securities Broker in NCSS. Moreover, during the said restriction period:</p> <p>i. squaring-up of open positions in all Markets and in Leveraged Markets shall be allowed; and</p>	<p>which the information provided is incorrect or cannot be verified or if conflicting and contradictory information is provided or if complete or accurate supporting documents are not provided to it. Any shortcomings shall be communicated to the relevant Authorized Intermediary through report(s) made available to Authorized Intermediary in KIS who shall be required to obtain complete and accurate KYC Information from such Customer, and forward it to the CKO, within 10 working days of notification by the CKO through KIS, for further processing.</p> <p>iv(a) A Customer of an Authorized Intermediary that already has completed the KYC process with that Authorized Intermediary and holds a valid UKN shall not be required to perform any KYC related process when opening another trading / investment account with the same Authorized Intermediary.</p> <p>v. If an Authorized Intermediary or the Customer, as the case may be, fails to meet the timelines stipulated in these Regulations <u>including the timeline prescribed for performing one-time Biometric Verification under these Regulations,</u> the CKO shall take the following action:</p> <p>(a) In case where the Authorized Intermediary is a Professional Clearing Member or a Securities Broker, a system report in KIS will be made available to such Authorized Intermediary and NCCPL with the updated status, NCCPL shall block the UIN tagging of the Customer with such Authorized Intermediary and trading through such client code shall be restricted till removal of discrepancies <u>and / or one-time Biometric Verification is performed, as the case may be.</u> However, pending transactions of such Customer will be allowed to be settled through respective Professional Clearing Member or Securities Broker in NCSS. Moreover, during the said restriction period:</p> <p>i. squaring-up of open positions in all Markets and in Leveraged Markets shall be allowed; and</p>	
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<p>ii. selling of Securities held in the sub-account(s) will be allowed.</p> <p>Such action of blocking shall also be communicated to the CDC to ensure that movement of securities held in the Customer's sub-account for such client code in the CDS shall only be allowed through NCSS Balance Orders; or</p> <p>(b) In case where the Authorized Intermediary is a Futures Broker of PMEX, system report in KIS will be made available to such Authorized Intermediary with updated status. Moreover, such status of Authorized Intermediary and its Customer shall also be updated to PMEX, which shall block the UIN tagging of the Customer with such Authorized Intermediary and trading through such client code shall be restricted till removal of discrepancies. However, pending transactions of such Customer will be allowed to be settled through respective Futures Broker of PMEX. Moreover, during the said restriction period.</p> <p>i. squaring-up of open positions in all PMEX markets shall be allowed; and ii. selling of previous holdings will be allowed.</p> <p>PMEX shall be responsible for ensuring that all activities of such Customer are restricted till the removal of deficiency identified by CKO.</p> <p>(c) In case where the Authorized Intermediary is Asset Management Company, system report in KIS will be made available to such Authorized Intermediary with updated status, which shall restrict the purchase of new units till removal of discrepancies with respective Asset Management Company. However, the Authorized Intermediary shall be allowed to liquidate/redeem earlier purchased units. Respective Asset Management Company shall be responsible for ensuring that all activities of such Customer are restricted till the removal of deficiency identified by CKO.</p>	<p>ii. selling of Securities held in the sub-account(s) will be allowed.</p> <p>Such action of blocking shall also be communicated to the CDC to ensure that movement of securities held in the Customer's sub-account for such client code in the CDS shall only be allowed through NCSS Balance Orders; or</p> <p>(b) In case where the Authorized Intermediary is a Futures Broker of PMEX, system report in KIS will be made available to such Authorized Intermediary with updated status. Moreover, such status of Authorized Intermediary and its Customer shall also be updated to PMEX, which shall block the UIN tagging of the Customer with such Authorized Intermediary and trading through such client code shall be restricted till removal of discrepancies <u>and / or one-time Biometric Verification is performed, as the case may be.</u> However, pending transactions of such Customer will be allowed to be settled through respective Futures Broker of PMEX. Moreover, during the said restriction period.</p> <p>i. squaring-up of open positions in all PMEX markets shall be allowed; and ii. selling of previous holdings will be allowed.</p> <p>PMEX shall be responsible for ensuring that all activities of such Customer are restricted till the removal of deficiency identified by CKO.</p> <p>(c) In case where the Authorized Intermediary is Asset Management Company, system report in KIS will be made available to such Authorized Intermediary with updated status, which shall restrict the purchase of new units till removal of discrepancies with respective Asset Management Company. However, the Authorized Intermediary shall be allowed to liquidate/redeem earlier purchased units. Respective Asset Management Company shall be responsible for ensuring that all activities of such Customer are restricted till the removal of deficiency identified by CKO.</p>	
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<p>The respective Asset Management Company shall also be required to inform CKO about the action taken within 10 business days of the date of receipt of the above mentioned intimation. Further, where an Asset Management Company, registered as an Authorized Intermediary, fails to take minimum action and / or provide intimation as prescribed above, CKO shall report the matter to Commission.</p> <p>(d) In case of other Authorized Intermediaries, system report in KIS will be made available to such Authorized Intermediary with updated status, to take such action as required under the relevant regulatory framework.</p> <p>(e) Action as stipulated in (a), (b) and (c) above shall also be applied if an Authorized Intermediary, who is a Professional Clearing Member, Securities Broker, Futures Broker of PMEX or an Asset Management Company or a Customer or a joint account holder, as the case may be, fails to meet the timelines stipulated in these Regulations.</p> <p>(f) Action as stipulated in these Regulations shall not be applied if an Authorized Intermediary, who is a Professional Clearing Member, Securities Broker, creates a client code for a Non-Broker Clearing Members and/or Customer of a Custodian Clearing Member.</p> <p>vi. After processing and verification of the completed KYC Application Form and KYC Information, the CKO shall electronically approve such KYC Application Form through KIS, subject to the condition that acknowledgement is received from the Customer, under clause 9.1(vii), and communicate the status of conditional approval of the KYC Application Form to the Authorized Intermediary electronically through a report available on KIS. Accordingly, a UKN shall be generated and tagged with the User ID of such Authorized Intermediary. In cases where the Authorized Intermediary is a Professional Clearing Member, Securities Broker and / or a Futures</p>	<p>The respective Asset Management Company shall also be required to inform CKO about the action taken within 10 business days of the date of receipt of the above mentioned intimation. Further, where an Asset Management Company, registered as an Authorized Intermediary, fails to take minimum action and / or provide intimation as prescribed above, CKO shall report the matter to Commission.</p> <p>(d) In case of other Authorized Intermediaries, system report in KIS will be made available to such Authorized Intermediary with updated status, to take such action as required under the relevant regulatory framework.</p> <p>(e) Action as stipulated in (a), (b) and (c) above shall also be applied if an Authorized Intermediary, who is a Professional Clearing Member, Securities Broker, Futures Broker of PMEX or an Asset Management Company or a Customer or a joint account holder, as the case may be, fails to meet the timelines stipulated in these Regulations.</p> <p>(f) Action as stipulated in these Regulations shall not be applied if an Authorized Intermediary, who is a Professional Clearing Member, Securities Broker, creates a client code for a Non-Broker Clearing Members and/or Customer of a Custodian Clearing Member.</p> <p>vi. After processing and verification of the completed KYC Application Form and KYC Information, the CKO shall electronically approve such KYC Application Form through KIS, subject to the condition that acknowledgement is received from the Customer, under clause 9.1(vii), and communicate the status of conditional approval of the KYC Application Form to the Authorized Intermediary electronically through a report available on KIS. Accordingly, a UKN shall be generated and tagged with the User ID of such Authorized Intermediary. In cases where the Authorized Intermediary is a Professional Clearing Member, Securities Broker and / or a Futures Broker of PMEX, the</p>	
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<p>Broker of PMEX, the UKN shall also be linked with the valid UIN of the Customer.</p> <p>vii. At the time of issuance of UKN, the CKO shall send a confirmation letter to the concerned Customer on the mailing or registered address or send a scanned copy of the letter through email on the email address of corporate Customer and foreign individual or corporate Customer, informing them about the creation and issuance of UKN in the KYC Database and shall seek acknowledgement that the generation of UKN through the relevant Authorized Intermediary was requested by the Customer. The Customer may make such acknowledgement by delivering the acknowledgement letter to the CKO or by sending a scanned copy of the requisite acknowledgement letter (signed only by the authorized representative of or by the Customer) through the email address which was listed in its KYC Application Form. If the CKO does not receive an acknowledgement from the Customer within 15 working days from the date of the confirmation letter sent to foreign individual Customer, local and foreign corporate Customer, the CKO shall take action stipulated in clause 9.1 (v) of these Regulations.</p> <p>For the resident individual Pakistani Customer CKO shall send a confirmation message (SMS) on the mobile number of the resident individual Pakistani Customer provided in the KYC Application Form informing regarding the issuance of the UKN.</p> <p><u>New Insertion</u></p>	<p>UKN shall also be linked with the valid UIN of the Customer.</p> <p>vii. At the time of issuance of UKN, the CKO shall send a confirmation letter to the concerned Customer on the mailing or registered address or send a scanned copy of the letter through email on the email address of corporate Customer and foreign individual or corporate Customer, informing them about the creation and issuance of UKN in the KYC Database and shall seek acknowledgement that the generation of UKN through the relevant Authorized Intermediary was requested by the Customer. The Customer may make such acknowledgement by delivering the acknowledgement letter to the CKO or by sending a scanned copy of the requisite acknowledgement letter (signed only by the authorized representative of or by the Customer) through the email address which was listed in its KYC Application Form. If the CKO does not receive an acknowledgement from the Customer within 15 working days from the date of the confirmation letter sent to foreign individual Customer, local and foreign corporate Customer, the CKO shall take action stipulated in clause 9.1 (v) of these Regulations.</p> <p>For the resident individual Pakistani Customer CKO shall send a confirmation message (SMS) on the mobile number of the resident individual Pakistani Customer provided in the KYC Application Form informing regarding the issuance of the UKN, <u>however, in case of resident Individual Pakistani Customer for whom Customer Verification was performed, the UKN shall be blocked in case the resident individual Pakistani Customer fails to successfully perform the one time Biometric Verification within the time prescribed by the CKO in the Procedures. Further, the action prescribed in Regulation 9.1(v) 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</u></p>	
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<p>viii. An Authorized Intermediary, that is a Professional Clearing Member or a Securities Broker, may obtain a UIN for its Customer and tag client code along with CDS account after performing successful Biometric Verification or entering the OTP in the KIS provided by the resident Individual Pakistani Customer and before initiating KYC Process for other Customers. Further, a Futures Broker of PMEX may obtain UIN for its Customer after Biometric Verification and before initiating KYC Process in the same manner and an Asset Management Company may issue units of Collective Investment Schemes after successful completion of Biometric Verification before starting the KYC Process and in case of Customer Verification, after OTP confirmation by Futures Broker of PMEX or the Asset Management Company, as the case may be, in accordance with the manner prescribed in the Procedures.</p> <p>However, these Authorized Intermediaries shall be required to initiate the process of UKN issuance through KIS within 48 hours (or such time as may be allowed under Regulation 9.1(i) of these Regulations) of submitting the electronic KYC Application Form in KIS in case of Customer Verification or by next working day, from the date of submission of application by a Customer, provided that this shall not be applicable to an existing Customer/client codes of a Securities Broker, Futures Broker of PMEX or Asset Management Company to whom UKN will be issued subject to the requirements of clause 9.1 (x). If an Authorized Intermediary fails to initiate the process of UKN issuance, as provided for in clause 9.1(i), the CKO shall take action as stipulated in clause 9.1 (v) of these Regulations.</p> <p>ix. After receipt of acknowledgment from the Customer under clause 9.1(vii), the KYC Application Form shall be formally approved by the CKO. The status of formal approval of the KYC Application Form shall be</p>	<p style="text-align: center;"><u>conditions as are prescribed in the Procedures.</u></p> <p>viii. An Authorized Intermediary, that is a Professional Clearing Member or a Securities Broker, may obtain a UIN for its Customer and tag client code along with CDS account after performing successful Biometric Verification <u>before initiating KYC Process</u> or <u>after entering</u> the OTP in the KIS provided by the resident Individual Pakistani Customer and before initiating KYC Process, for other Customers. Further, a Futures Broker of PMEX may obtain UIN for its Customer <u>after Biometric Verification and before initiating KYC Process</u> in the same manner and an Asset Management Company may issue units of Collective Investment Schemes after successful completion of Biometric Verification before starting the KYC Process and in case of Customer Verification, <u>after</u> OTP confirmation by Futures Broker of PMEX or the Asset Management Company, as the case may be, in accordance with the manner prescribed in the Procedures.</p> <p>However, these Authorized Intermediaries shall be required to initiate the process of UKN issuance through KIS within 48 hours (or such time as may be allowed under Regulation 9.1(i) of these Regulations) of submitting the electronic KYC Application Form in KIS in case of Customer Verification or by next working day, from the date of submission of application by a Customer, provided that this shall not be applicable to an existing Customer/client codes of a Securities Broker, Futures Broker of PMEX or Asset Management Company to whom UKN will be issued subject to the requirements of clause 9.1 (x). If an Authorized Intermediary fails to initiate the process of UKN issuance, as provided for in clause 9.1(i), the CKO shall take action as stipulated in clause 9.1 (v) of these Regulations.</p> <p>ix. After receipt of acknowledgment from the Customer under clause 9.1(vii), the KYC Application Form shall be formally approved by the CKO. The status of formal approval of the KYC Application Form shall be</p>	
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<p>communicated to the Authorized Intermediary electronically through a report available on the KIS.</p> <p>x. Notwithstanding the above, all Authorized Intermediaries shall within a time period, as notified by the CKO, register their existing Customers, in the KYC Database to obtain UKN and tagging of such UKNs with the relevant Authorized Intermediary. If an Authorized Intermediary fails to initiate and complete the UKN issuance and tagging process of its existing Customers within the stipulated time, the CKO shall take action as stipulated in clause 9.1 (v) of these Regulations. Further, the Authorized Intermediary that are Professional Clearing Member or a securities broker or CDC, providing Online Account opening facility to its Customers can utilize the same for registering their existing individual Pakistani Customer in such mode and manner as prescribed by CKO in the Procedures.</p> <p>xi. The provisions prescribed under Regulation 9.1(i) of these Regulations shall not be applicable to an Authorized Intermediary that is a Professional Clearing Member or Securities Broker or CDC providing Online Account opening facility to its Pakistani Individual Customers to the extent specified in these Regulations. In such case provisions prescribed in Regulation 9a of these Regulations shall be applicable for registration, issuance and tagging of UKN.</p>	<p>communicated to the Authorized Intermediary electronically through a report available on the KIS.</p> <p>x. Notwithstanding the above, all Authorized Intermediaries shall within a time period, as notified <u>/ extended</u> by the CKO <u>from time to time</u>, register their existing Customers, in the KYC Database to obtain UKN and tagging of such UKNs with the relevant Authorized Intermediary. If an Authorized Intermediary fails to initiate and complete the UKN issuance and tagging process of its existing Customers within the stipulated time, the CKO shall take action as stipulated in clause 9.1 (v) of these Regulations. Further, the Authorized Intermediary that are Professional Clearing Member or a securities broker or CDC, providing Online Account opening facility to its Customers can utilize the same for registering their existing individual Pakistani Customer in such mode and manner as prescribed by CKO in the Procedures.</p> <p>xi. The provisions prescribed under Regulation 9.1(i) of these Regulations shall not be applicable to an Authorized Intermediary that is a Professional Clearing Member or Securities Broker or CDC providing Online Account opening facility to its Pakistani Individual Customers to the extent specified in these Regulations. In such case provisions prescribed in Regulation 9a of these Regulations shall be applicable for registration, issuance and tagging of UKN.</p>	
<p>Registration, Issuance and Tagging of UKN and Change in KYC Information for Online Account:</p> <p>9a.1 Registration and Issuance of UKN:</p> <p>i. 9a. The Authorized Intermediary that is a Professional Clearing Member or Securities Broker or CDC providing Online Account opening facility to its Individual Pakistani Customers shall carry out necessary KYC procedures in respect of an Individual Pakistani Customer as per the requirements of relevant laws and regulations. After carrying out necessary KYC procedures, the</p>	<p>Registration, Issuance and Tagging of UKN and Change in KYC Information for Online Account:</p> <p>9a.1 Registration and Issuance of UKN:</p> <p>i. 9a. The Authorized Intermediary that is a Professional Clearing Member or Securities Broker or CDC providing Online Account opening facility to its Individual Pakistani Customers shall carry out necessary KYC procedures in respect of an Individual Pakistani Customer as per the requirements of relevant laws and regulations. After carrying out necessary KYC procedures, the Authorized</p>	<p>1. To include provisions relating to NADRA API Services for Online Account.</p> <p>2. To include provisions relating to NADRA API Services for Biometric Verification.</p>

Authorized Intermediary shall obtain a duly filled KYC Application Form provided in Annexure-II along with all supporting documents specified in Annexure-I of these Regulations through the online account opening facility provided by the Authorized Intermediary to its Individual Pakistani Customers. The Professional Clearing Member or Securities Broker or CDC providing the online account opening facility shall be responsible for verifying the information and supporting documents provided by its Individual Pakistan Customer for opening the Online Account in accordance with the applicable rules and regulations.

ii. The Professional Clearing Member or Securities Broker shall mandatorily submit the CNIC/NICOP/SNIC/ARC, POC number, mobile number / email address and IBAN and/or such other information as may be specified by CKO relating to individual Pakistani Customer desirous of opening the Online Account through such mode and manner as prescribed by CKO in the Procedures. All provisions relating to mobile number and email addresses prescribed in Regulation 9.1(ia) above shall also be applicable in case of Online Account.

Once the above-mentioned information is received, the CKO shall initiate necessary verification process through available resources, where applicable, and upon successful validation of at least one information, subject to such terms and conditions as prescribed in the Procedure, specified in Regulation 9a.1(ii), the CKO shall send a One Time Password "OTP" on the mobile number / email address of the Individual Pakistani Customer and the remaining information shall be verified in accordance with Regulation 9a.1(iii) of these Regulations.

New Insertion

Intermediary shall obtain a duly filled KYC Application Form provided in Annexure-II along with all supporting documents specified in Annexure-I of these Regulations through the online account opening facility provided by the Authorized Intermediary to its Individual Pakistani Customers. The Professional Clearing Member or Securities Broker or CDC providing the online account opening facility shall be responsible for verifying the information and supporting documents provided by its Individual Pakistan Customer for opening the Online Account in accordance with the applicable rules and regulations.

ii. The Professional Clearing Member or Securities Broker shall mandatorily submit the CNIC/NICOP/SNIC/ARC, POC number, mobile number / email address and IBAN and/or such other information as may be specified by CKO relating to individual Pakistani Customer desirous of opening the Online Account through such mode and manner as prescribed by CKO in the Procedures. All provisions relating to mobile number and email addresses prescribed in Regulation 9.1(ia) above shall also be applicable in case of Online Account

Once the above-mentioned information is received, the CKO shall initiate necessary verification process through available resources, where applicable, and upon successful validation of ~~at least one~~ all information in case of resident Individual Pakistani Customer and at least two information in case of non-resident Individual Pakistani Customer, subject to such terms and conditions as prescribed in the Procedure, specified in Regulation 9a.1(ii), the CKO shall send a One Time Password "OTP" on the mobile number / email address of the Individual Pakistani Customer. Provided where any of the services utilized by CKO for verification of information specified in Regulation 9a.1(ii) above is unavailable, OTP, in case of a resident Individual Pakistani Customer shall be issued on successful verification of any two information and the

<p>The OTP shall be used by the Individual Pakistani Customer to access the online Customer Relationship Form (CRF) and KYC Application Form through the Online Account opening facility provided by the Professional Clearing Member or Securities Broker or CDC and complete the online account opening process.</p> <p>After completing such procedures in respect of an Individual Pakistani Customer, the Authorized Intermediary shall forthwith fill out or upload the electronic KYC Application Form provided in Annexure-II of these Regulations along with requisite KYC Information by using Central Portal mechanism as prescribed by the CKO from time to time. After insertion of KYC information in such electronic KYC Application Form, the Authorized Intermediary shall send it electronically to the CKO through KIS for further processing. In case of joint account holder(s), the Authorized Intermediary shall also be required to carry out the above prescribed OTP generation process and proceed with KYC Application Form for each account holder separately through Central Portal. Provided that this process shall not be required if such person already has a valid UKN, however, OTP generation shall be required.</p> <p>The Authorized Intermediary shall not be required to obtain a physical copy of the KYC Application Form from the Individual</p>	<p>remaining information <u>in case of non-resident / resident (where applicable) Individual Pakistani Customer</u>, shall be verified in accordance with Regulation 9a.1(iii) of these Regulations. <u>The resident Individual Pakistani Customer shall be required to perform one-time Biometric Verification within the time prescribed by the CKO in the Procedures. Further, the resident Individual Pakistani Customer that has successfully performed one-time Biometric Verification shall not be required to perform it again when opening trading account with the same or any other Authorized Intermediary.</u></p> <p>The OTP shall be used by the Individual Pakistani Customer to access the online Customer Relationship Form (CRF) and KYC Application Form through the Online Account opening facility provided by the Professional Clearing Member or Securities Broker or CDC and complete the online account opening process.</p> <p>After completing such procedures in respect of an Individual Pakistani Customer, the Authorized Intermediary shall forthwith fill out or upload the electronic KYC Application Form provided in Annexure-II of these Regulations along with requisite KYC Information by using Central Portal mechanism as prescribed by the CKO from time to time. After insertion of KYC information in such electronic KYC Application Form, the Authorized Intermediary shall send it electronically to the CKO through KIS for further processing. In case of joint account holder(s), the Authorized Intermediary shall also be required to carry out the above prescribed OTP generation process and proceed with KYC Application Form for each account holder separately through Central Portal. Provided that this process shall not be required if such person already has a valid UKN, however, OTP generation shall be required.</p> <p>The Authorized Intermediary shall not be required to obtain a physical copy of the KYC Application Form from the Individual Pakistani</p>	
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<p>Pakistani Customer. The system generated copy of the electronic KYC Application Form and supporting documents may be submitted to CKO through the upload functionality made available in the KIS or any other electronic process prescribed by CKO in the Procedures. The Authorized Intermediary, when submitting the system generated copy of the electronic KYC Application Form and supporting documents through the upload functionality shall affix its stamp or seal on the copy of the system generated KYC Application Form and supporting documents along with the name and designation of the authorized personnel of the Authorized Intermediary in order to certify the verification of KYC information. The aforementioned stamp or seal along with other required details shall be affixed on the copies of supporting documents before scanning / uploading them. Further, the Authorized Intermediary may affix electronic image of stamp or seal and other required details on the system generated copy of the KYC Application Form and supporting documents subject to such terms and conditions as may be prescribed by the CKO in the Procedures.</p>	<p>Customer. The system generated copy of the electronic KYC Application Form and supporting documents may be submitted to CKO through the upload functionality made available in the KIS or any other electronic process prescribed by CKO in the Procedures. The Authorized Intermediary, when submitting the system generated copy of the electronic KYC Application Form and supporting documents through the upload functionality shall affix its stamp or seal on the copy of the system generated KYC Application Form and supporting documents along with the name and designation of the authorized personnel of the Authorized Intermediary in order to certify the verification of KYC information. The aforementioned stamp or seal along with other required details shall be affixed on the copies of supporting documents before scanning / uploading them. Further, the Authorized Intermediary may affix electronic image of stamp or seal and other required details on the system generated copy of the KYC Application Form and supporting documents subject to such terms and conditions as may be prescribed by the CKO in the Procedures.</p>	
<p>After receipt of electronic KYC Application Form along with supporting documents, the CKO shall initiate necessary verification process, where applicable, in respect of the application made by an Individual Pakistani Customer. The Authorized Intermediary shall assume full responsibility for the accuracy, authenticity and validity of the KYC information and all supporting documents provided to CKO for registering the UKN. It shall be mandatory for the Authorized Intermediary providing Online Account opening facility to maintain physical copy of the system generated electronic KYC Application Form and all supporting documents submitted to CKO duly signed and stamped, either physically or through electronic means, by the authorized personnel of Authorized Intermediary. The CKO shall have the authority to direct the Authorized Intermediary to furnish such signed copy of the KYC Application Form and</p>	<p>After receipt of electronic KYC Application Form along with supporting documents, the CKO shall initiate necessary verification process, where applicable, in respect of the application made by an Individual Pakistani Customer. The Authorized Intermediary shall assume full responsibility for the accuracy, authenticity and validity of the KYC information and all supporting documents provided to CKO for registering the UKN. It shall be mandatory for the Authorized Intermediary providing Online Account opening facility to maintain physical copy of the system generated electronic KYC Application Form and all supporting documents submitted to CKO duly signed and stamped, either physically or through electronic means, by the authorized personnel of Authorized Intermediary. The CKO shall have the authority to direct the Authorized Intermediary to furnish such signed copy of the KYC Application Form and</p>	

<p>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.</p> <p>iii. The CKO shall complete processing and verification of the KYC Information within 10 working days from the date of receipt of the electronic KYC Application Form and supporting documents provided that all formalities and requirements in respect of a KYC Application Form have been complied with.</p> <p>iv. The CKO shall not process any KYC Application Form which is incomplete, or in which the information provided is incorrect or cannot be verified or if conflicting and contradictory information is provided or if complete or accurate supporting documents are not provided to it. Any shortcomings shall be communicated to the relevant Authorized Intermediary through report(s) made available to Authorized Intermediary in KIS who shall be required to obtain complete and accurate KYC Information from such Individual Pakistani Customer, and forward it to the CKO within 10 working days of notification by the CKO through KIS for further processing.</p> <p>v. An Individual Pakistani Customer of an Authorized Intermediary that is a Professional Clearing Member or Securities Broker or CDC that already has completed the KYC process with that Authorized Intermediary and holds a valid UKN shall not be required to perform any KYC related process when opening another trading / investment /investor account with the same Authorized Intermediary.</p> <p>vi. If an Authorized Intermediary or the Individual Pakistani Customer, as the case may be, fails to meet the timelines stipulated in these Regulations, the CKO shall take the action as prescribed under Regulation 9.1(v)(a) of these Regulations.</p>	<p>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.</p> <p>iii. The CKO shall complete processing and verification of the KYC Information within 10 working days from the date of receipt of the electronic KYC Application Form and supporting documents provided that all formalities and requirements in respect of a KYC Application Form have been complied with.</p> <p>iv. The CKO shall not process any KYC Application Form which is incomplete, or in which the information provided is incorrect or cannot be verified or if conflicting and contradictory information is provided or if complete or accurate supporting documents are not provided to it. Any shortcomings shall be communicated to the relevant Authorized Intermediary through report(s) made available to Authorized Intermediary in KIS who shall be required to obtain complete and accurate KYC Information from such Individual Pakistani Customer, and forward it to the CKO within 10 working days of notification by the CKO through KIS for further processing.</p> <p>v. An Individual Pakistani Customer of an Authorized Intermediary that is a is a Professional Clearing Member or Securities Broker or CDC that already has completed the KYC process with that Authorized Intermediary and holds a valid UKN shall not be required to perform any KYC related process when opening another trading / investment /investor account with the same Authorized Intermediary.</p> <p>vi. If an Authorized Intermediary or the Individual Pakistani Customer, as the case may be, fails to meet the timelines stipulated in these Regulations <u>including the time prescribed for performing one-time Biometric Verification</u>, the CKO shall take the</p>	
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<p>vii. After processing and verification of the completed electronic KYC Application Form and KYC Information, the CKO shall electronically approve such KYC Application Form through KIS, and communicate the status of approval of the KYC Application Form to the Authorized Intermediary electronically through a report available on KIS. Accordingly, a UKN shall be generated and tagged with the User ID of such Authorized Intermediary. In cases where the Authorized Intermediary is a Professional Clearing Member or Securities Broker or CDC, the UKN shall also be linked with the valid UIN of the Individual Pakistani Customer.</p> <p>viii. At the time of issuance of UKN, the CKO shall send confirmation letter through email on the email address of non-resident Individual Pakistani Customer and shall seek acknowledgement within 15 days that the generation of UKN through the relevant Authorized Intermediary was requested by the non-resident Individual Pakistani Customer in the mode and manner as prescribed in the Procedures. If no such acknowledgement is provided within the prescribed time, the CKO shall take action as prescribed in clause 9.1 (v) of these Regulations. For the resident individual Pakistani Customer CKO shall send a confirmation message (SMS) on the mobile number of the resident individual Pakistani Customer provided in the KYC Application Form informing regarding the issuance of the UKN.</p>	<p>action as prescribed under Regulation 9.1(v)(a) of these Regulations.</p> <p>vii. After processing and verification of the completed electronic KYC Application Form and KYC Information, the CKO shall electronically approve such KYC Application Form through KIS, and communicate the status of approval of the KYC Application Form to the Authorized Intermediary electronically through a report available on KIS. Accordingly, a UKN shall be generated and tagged with the User ID of such Authorized Intermediary. In cases where the Authorized Intermediary is a Professional Clearing Member or Securities Broker or CDC, the UKN shall also be linked with the valid UIN of the Individual Pakistani Customer.</p> <p>viii. At the time of issuance of UKN, the CKO shall send confirmation letter through email on the email address of non-resident Individual Pakistani Customer and shall seek acknowledgement within 15 days that the generation of UKN through the relevant Authorized Intermediary was requested by the non-resident Individual Pakistani Customer in the mode and manner as prescribed in the Procedures. If no such acknowledgement is provided within the prescribed time, the CKO shall take action as prescribed in clause 9.1 (v) of these Regulations. For the resident individual Pakistani Customer CKO shall send a confirmation message (SMS) on the mobile number of the resident individual Pakistani Customer provided in the KYC Application Form informing regarding the issuance of the UKN, <u>however, in case of resident Individual Pakistani Customer opening Online Account, the UKN shall be blocked in case the resident individual Pakistani Customer fails to successfully perform the one time Biometric Verification within the time prescribed by the CKO in the Procedures. Further, the action prescribed in Regulation 9.1(v) 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</u></p>	
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<p>ix. An Authorized Intermediary, that is a Professional Clearing Member or Securities Broker, may obtain a UIN for its Individual Pakistani Customer and tag client code along with CDS account after the individual Pakistani Customer has successfully obtained OTP from the CKO and has completed the Online Account opening process with the Professional Clearing Member or Securities Broker or CDC before initiating KYC of an Individual Pakistani Customer in KIS.</p> <p>However, such Authorized Intermediary shall be required to initiate the process of UKN issuance through KIS by next working day, from the date of creation of client code for the Individual Pakistani Customer. If an Authorized Intermediary that is a Professional Clearing Member or Securities Broker or CDC fails to initiate the process of UKN issuance, as provided for in clause 9a.1, the CKO shall take action as stipulated in clause 9.1 (v)(a) of these Regulations.</p> <p>x. After receipt of acknowledgment from the Individual Pakistani Customer under clause 9a.1(viii), the KYC Application Form shall be formally approved by the CKO. The status of formal approval of the KYC Application Form shall be communicated to the Authorized Intermediary electronically through a report available in the KIS.</p> <p>xi. The Authorized Intermediaries that are Future Brokers of PMEX and Asset Management Companies providing Online Account facility to their Customers shall also be allowed to register and tag the UKN for its Customers opening Online Accounts in a similar manner to that prescribed under these Regulations, subject to such additional terms and conditions and in the manner prescribed in the Procedures.</p>	<p><u>by such Customer subject to such terms and conditions as are prescribed in the Procedures.</u></p> <p>ix. An Authorized Intermediary, that is a Professional Clearing Member or Securities Broker, may obtain a UIN for its Individual Pakistani Customer and tag client code along with CDS account after the individual Pakistani Customer has successfully obtained OTP from the CKO and has completed the Online Account opening process with the Professional Clearing Member or Securities Broker or CDC before initiating KYC of an Individual Pakistani Customer in KIS.</p> <p>However, such Authorized Intermediary shall be required to initiate the process of UKN issuance through KIS by next working day, from the date of creation of client code for the Individual Pakistani Customer. If an Authorized Intermediary that is a Professional Clearing Member or Securities Broker or CDC fails to initiate the process of UKN issuance, as provided for in clause 9a.1, the CKO shall take action as stipulated in clause 9.1 (v)(a) of these Regulations.</p> <p>x. After receipt of acknowledgment from the <u>non-resident</u> Individual Pakistani Customer <u>or after dispatch of the confirmation message to the resident individual Pakistani Customer, as the case may be,</u> under clause 9a.1(viii), the KYC Application Form shall be formally approved by the CKO. The status of formal approval of the KYC Application Form shall be communicated to the Authorized Intermediary electronically through a report available in the KIS.</p> <p>xi. The Authorized Intermediaries that are Future Brokers of PMEX and Asset Management Companies providing Online Account facility to their Customers shall also be allowed to register and tag the UKN for its Customers opening Online Accounts in a similar manner to that prescribed under these Regulations, subject to such additional terms and conditions and in the manner prescribed in the Procedures.</p>	
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<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 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.</p> <p>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,</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 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.</p> <p>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</p>	<ol style="list-style-type: none"> 1. To include provisions relating to NADRA API Services for Online Account. 2. To include provisions relating to NADRA API Services for Biometric Verification.
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<p>mobile number and or email address will also be updated in the CKO database.</p> <p>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 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>and or email address will also be updated in the CKO database.</p> <p>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 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><u>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</u></p>	
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<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 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.</p> <p>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.</p>	<p><u>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.</u></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 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.</p> <p>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, <u>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</u></p>	
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<p>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.</p> <p>iii. After necessary processing and verification of the request for tagging UKN 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</p>	<p><u>completed either before or after the UKN creation or confirmation process within the time prescribed by the CKO in the Procedures.</u></p> <p>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.</p> <p>iii. After necessary processing and verification of the request for tagging UKN 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</p>	
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<p>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>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</p>	<p>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>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</p>	
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<p>Customer provided in the KYC Application Form and available in the KIS informing regarding the tagging of the UKN with the respective Authorized Intermediary.</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>Application Form and available in the KIS informing regarding the tagging of the UKN with the respective Authorized Intermediary. <u>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 conditions as are prescribed in the Procedures.</u></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 Intermediary that are Professional Clearing Member 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). The Professional Clearing Member or Securities</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). The Professional Clearing Members or Securities Brokers providing Online Sahulat</p>	<p>To include provisions relating to biometric verification</p>

<p>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 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. 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.</p> <p>Where the time limits prescribed by CKO for entering the OTP for 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.</p>	<p>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 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. 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.</p> <p><u>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.</u></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. <u>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</u></p>	
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<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 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</p>	<p><u>prescribed in Regulation 9.1(v), 9.1(viii), 9a.1(vi), and / or 9a.1(viii).</u></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 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</p>	
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<p>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>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>	
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PROPOSED AMENDMENTS IN NCCPL REGULATIONS, 2015 PERTAINING TO MARGIN FINANCING ROLLOVER TRANSACTION

RATIONALE

NCCPL in its endeavor to explore the options to improve its existing services, obtains feedback from the market participants at various forums. In this regard, suggestions were received by NCCPL from market participants with respect to improvements in the Margin Financing System “MFS”. It was recommended that there should be an option whereby accrued mark-up could be recovered by the Margin Financier from Margin Finanee at regular intervals before the maturity of MF Transaction. This will facilitate the Financier by improving its liquidity position due to periodic recovery of mark-up over the term of MF Transaction.

The matter was evaluated at length and it was observed that maturity period of MF transaction is agreed between the Margin Financier and Margin Finanee under the MF agreement. When Transaction is released, MFS calculates the amount of MF Transaction Value including the mark-up that the Margin Finanee is required to pay to the Margin Financier when the MF Transaction is released by the Margin Finanee. Therefore, in order to facilitate the Margin Financier to collect accrued mark-up at regular intervals during the period of MF Transaction, it will be feasible to develop such option in the MF system.

The matter was assessed by NCCPL in detail and it has been proposed that the desired objective can be achieved by allowing the rollover of MF transaction for collection of accrued mark-up without any change in the mark-up rate or MF transaction value.

IMPACT

The proposed change will facilitate the Margin Financier by allowing it to recover the accrued mark-up with respect to MF Transaction from the Margin Finanee at regular intervals over the period of MF Transaction.

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 November 01, 2022.

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.

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.

Existing	Proposed	Rationale
<p>7B.3.5 (a) MF Rollover Transaction</p> <p>1. A rollover of MF Transaction can be initiated between MF Participants only when a change in the mark-up rate and/or MF Transaction Value is required.</p> <p>2. A rollover of MF transaction can be initiated by a Margin Financier with Margin Finanee in whole multiples of Marketable Lots of Margin Financed Securities against any open MF Transaction Position in accordance with the mechanism prescribed by the Company in the Procedures.</p> <p>3. Initiating Margin Financier can cancel the initiated MF rollover transactions at any time before it is affirmed by the counter-party Margin Finanee.</p> <p>4. Upon initiation of an MF rollover transaction, the same details shall be reflected through MF Module to the counter-party Margin Finanee for its affirmation. Affirming Margin Finanee shall not be allowed to edit the details of the initiated MF rollover transaction and shall have an option to affirm or reject the initiated MF rollover transactions within Designated Time Schedule on the Trade Date and till T+1.</p> <p>5. If an initiated MF rollover transaction is neither affirmed nor rejected within the specified time as per Designated Time Schedule on the Transaction Date or till T+1, NCSS shall automatically drop it during End of Day process for further processing.</p> <p>Provided that where rollover of MF Transaction is initiated by Margin Financier on account of change in MF Transaction</p>	<p>7B.3.5 (a) MF Rollover Transaction</p> <p>1. A rollover of MF Transaction can be initiated between MF Participants only when a change in the mark-up rate and/or MF Transaction Value is required. <u>However, for the purpose of receiving the accrued mark-up, subject to condition that such recovery of mark-up is agreed in the MF Agreement executed with the Customer, a rollover of MF Transaction can be initiated without any change in the MF mark-up rate or Transaction value.</u></p> <p>2. A rollover of MF transaction can be initiated by a Margin Financier with Margin Finanee in whole multiples of Marketable Lots of Margin Financed Securities against any open MF Transaction Position in accordance with the mechanism prescribed by the Company in the Procedures.</p> <p>3. Initiating Margin Financier can cancel the initiated MF rollover transactions at any time before it is affirmed by the counter-party Margin Finanee.</p> <p>4. Upon initiation of an MF rollover transaction, the same details shall be reflected through MF Module to the counter-party Margin Finanee for its affirmation. Affirming Margin Finanee shall not be allowed to edit the details of the initiated MF rollover transaction and shall have an option to affirm or reject the initiated MF rollover transactions within Designated Time Schedule on the Trade Date and till T+1.</p> <p>5. If an initiated MF rollover transaction is neither affirmed nor rejected within the specified time as per Designated Time Schedule on the Transaction Date or till T+1, NCSS shall automatically drop it during End of Day process for further processing.</p> <p>Provided that where rollover of MF Transaction is initiated by Margin Financier on account of change in MF Transaction</p>	<p>To include provisions for allowing the rollover of MF Transaction for periodic recovery of accrued mark-up under the terms of MF agreement without imposing any charges for processing such rollover of MF Transaction.</p>

<p>Value, the Broker Margin Financier will be required to ensure collection of Mark-to-Market losses from its clients in the form of cash only whereas Non-Broker Margin Financier will collect Mark-to-Market losses from Margin Financee as per terms and conditions set out in the Margin Financing Agreement. The Company shall ensure compliance of this requirement through appropriate procedures including auditing and inspection of records. Any discrepancy found may be subject to disciplinary action under Regulation 14.1 and Regulation 7B.9 of these Regulations.</p> <p>Provided further that, the only obligation of Company with respect to MF rollover transaction on account of change in MF Transaction Value, is to provide a screen for initiation of MF Rollover transaction between MF Participants. Margin Financier shall be responsible for collection of Mark-to-Market losses from Margin Financee before initiation of MF Rollover transaction. The Company shall not be held responsible for any obligation or dispute arising due to rollover of MF Transaction Value or change in the mark-up rate, all such matters shall be solely dealt with and handled by the Margin Financier and Margin Financee without having any recourse to the Company under all circumstances.</p>	<p>Value, the Broker Margin Financier will be required to ensure collection of Mark-to-Market losses from its clients in the form of cash only whereas Non-Broker Margin Financier will collect Mark-to-Market losses from Margin Financee as per terms and conditions set out in the Margin Financing Agreement. The Company shall ensure compliance of this requirement through appropriate procedures including auditing and inspection of records. Any discrepancy found may be subject to disciplinary action under Regulation 14.1 and Regulation 7B.9 of these Regulations.</p> <p>Provided further that, the only obligation of Company with respect to MF rollover transaction on account of change in MF Transaction Value <u>or early recovery of accrued mark-up</u>, is to provide a screen for initiation of MF Rollover transaction between MF Participants. Margin Financier shall be responsible for collection of Mark-to-Market losses <u>or accrued mark-up</u> from Margin Financee before initiation of MF Rollover transaction. The Company shall not be held responsible for any obligation or dispute arising due to rollover of MF Transaction Value or change in the mark-up rate or <u>based on periodic recovery of the accrued mark-up</u>, all such matters shall be solely dealt with and handled by the Margin Financier and Margin Financee without having any recourse to the Company under all circumstances.</p>	
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**PROPOSED AMENDMENTS IN NCCPL REGULATIONS, 2015 PERTAINING TO RISK MANAGEMENT OF GROWTH
ENTERPRISE MARKET “GEM”**

RATIONALE

The Securities and Exchange Commission of Pakistan “SECP” approved listing regulations of GEM to enable and facilitate small and medium sized enterprises, Greenfield projects, tech start-ups and other companies to conveniently get listing on the Securities Exchange. Trading in GEM commenced at Pakistan Stock Exchange “PSX” in November 23, 2021. However, low trading volumes have been witnessed in GEM and the number of securities listed since inception has remained limited.

Therefore, in order to encourage participation in GEM and to facilitate in increasing liquidity, various proposals were deliberated. NCCPL provides clearing, settlement and risk management services for GEM, accordingly, risk management measures were also evaluated to highlight the opportunities that can lead to facilitate participation in GEM in a practicable manner.

It was highlighted that for trades executed in GEM, exposure margin is collected 50% in the form of cash, near cash instrument or bank guarantee and remaining 50% in the form of Market Collateral. Further, Mark to Market Losses are also collected in cash or in the form of near cash instruments and bank guarantee. It was proposed that the exposure margin and mark-to-market loss collection mechanism applied with respect to GEM should be made similar to Ready Market. NCCPL after thorough evaluation of the proposal in term of its impact on the risk management mechanism has agreed to adopt it.

Accordingly, necessary amendments have been proposed in the NCCPL Regulations, 2015 for implementing the proposal.

IMPACT

The proposed amendments will facilitate the market participants and encourage them to participate in GEM, further it will also assist in enhancing the liquidity in GEM.

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 November 01, 2022.

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.

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 CHANGES

Schedule-II (Relevant clause)

FORM OF EXPOSURE MARGINS, MARK-TO-MARKET LOSSES, SPECIAL MARGINS, CONCENTRATION MARGINS, LIQUIDITY MARGINS AND ADDITIONAL MARGINS DEPOSITS

SR NO.	MARKET	EXPOSURE MARGINS	MARK-TO-MARKET LOSSES	SPECIAL MARGIN	CONCENTRATION MARGINS	LIQUIDITY MARGINS	ADDITIONAL MARGINS
1	Ready Delivery Contract Market						Not Applicable
2	Leveraged Buys financed through MT Market						Market Collateral
10	GEM	Minimum 50% in Cash, Near Cash Instruments and/or Bank Guarantee and 50% in Market Collateral <u>Market Collateral</u>	Cash, Near Cash Instrument and/or Bank Guarantee <u>Market Collateral</u>	Not Applicable	Not Applicable	Market Collateral	Not Applicable