



PAKISTAN STOCK BROKERS ASSOCIATION

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

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PSBA/Notice-122

November 23, 2023

NOTICE FOR MEMBERS

AMENDMENTS-IN-FUTURES-EXCHANGE-LICENSING AND OPERATIONS REGULATIONS 2017

This is in reference to the notification S.R.O. 1666 (I)/2023 dated **November 23, 2023 (attached)**, whereby the comments have been invited by the SECP:

In this regard, the members are hereby requested to kindly submit your comments, if any, at psamail024@gmail.com latest by **December 05, 2023**, so that a consolidated response is submitted to the authorities for their consideration.

_____sd
AKBER ALI
Officer - Secretariat

Copy to:

1. PSBA Website

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 17th November, 2023

NOTIFICATION

S.R.O. 1666 (I)/2023.- In exercise of the powers conferred under section 114 of the Futures Market Act, 2016 (XIV of 2016), the Securities and Exchange Commission of Pakistan is pleased to make the following amendments in the Futures Exchanges (Licensing and Operations) Regulations 2017, the same having been previously published vide S.R.O. 770(I)/2023 dated 19th June 2023 and were also placed on the website of the Commission, as required under sub-section (4) of said section 114, namely:-

AMENDMENTS

In the aforesaid Regulations, -

- (1) in regulation 19, sub-regulation (5) shall be deleted;
- (2) in regulation 22, -
 - (i) for clause (i), the following shall be substituted, namely: -

“(i) open and maintain one or more designated bank accounts with scheduled bank(s) in Pakistan, for deposit of money belonging to futures brokers and their customers and the money shall either be deposited in the designated bank account or be invested in Treasury Bills or Sukuks with original maturities of 1 year or less, issued by the Government of Pakistan, in such forms and manner as may be specified by the futures exchange;”;
 - (ii) for clause (iv), the following shall be substituted, namely: -

“(iv) keep records of all amounts deposited into and paid from the designated bank account(s), invested in and divested from the Treasury Bills or the Sukuks in terms of clause (i), along with record of return/profit on such amounts;” and

- (iii) for the clause (vi) and the proviso, the following shall be substituted, namely: -

“(vi) if funds of futures brokers or their customers are held in a profit-bearing bank account or invested in terms of clause (i), pass on profit earned on these funds to the futures brokers and their customers in proportion to their balances unless specified otherwise in writing by the futures broker or customer, after making contribution to the settlement guarantee fund at the rate approved by the Commission and deducting a service fee at a rate not exceeding the rate approved by the Commission:

Provided that before deducting the service fee, the futures exchange currently utilizing any portion of profits on funds of futures brokers or their customers for any other purpose other than permitted under this Regulation shall gradually phase-out utilization of such an amount in equal proportion till June 30, 2025 with an option of earlier phase-out.”;

- (3) in Annexure I, in Fit and Proper Criteria, in Para (b) – “Educational Qualification and Experience,”, before clause (ix), the following new clause (viii) shall be inserted namely:-

“(viii) In case of promoters of a futures exchange, such person should have an established and proven track record of successfully running a business enterprise for at least 10 years.”; and

- (4) in Annexure III, -

(i) in the heading, for the expression “17(8)”, the expression “19(8)” shall be substituted and thereafter for the expression “17(9)”, the expression “19(9)” shall be substituted;

(ii) in clause (1), in sub-clause (i), for the expression 5(g), the expression “5(2)(i)” shall be substituted;


(iii) in clause (2), in sub-clause (v), the word “and” shall be deleted;

(iv) in clause (2), in sub-clause (vi), for the full stop, a semicolon shall be substituted and thereafter, the word “and” shall be inserted;

(v) in clause (2), after sub-clause (vi), amended as aforesaid, the following new clause shall be inserted, namely: -

“(vii) assess that the scope, resources including human resource, procedures and reporting mechanism of the regulatory function including entity level compliance were adequate and effective to ensure compliance with relevant legal requirements and detect and report any non-compliance in a timely manner.”.

[File No. SMD/SE/2(281)/2017]


(Bilal Rasul)
Secretary to the Commission