



PAKISTAN STOCK BROKERS ASSOCIATION

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

Regd Office: Mezzanine Floor, Trading Hall, Stock Exchange Building, Stock Exchange Road,
Off I.I Chundrigar Road, Karachi.

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PSBA/Notice-219

July 11, 2025

NOTICE FOR MEMBERS

PROPOSED AMENDMENTS IN THE NCCPL REGULATIONS, 2015 FOR PUBLIC COMMENTS

This is in reference to the notification NCCPL/CM/JULY-25/04 dated July 10, 2025 (attached), whereby the comments have been invited by the NCCPL:

In this regard, the members are hereby requested to kindly submit your comments, if any, at psamail024@gmail.com latest by **July 15, 2025**, so that a consolidated response is submitted to the authorities for their consideration.

Sd
Akber Ali
Officer - Secretariat

Copy to:

1. PSBA Website



National Clearing Company of Pakistan Limited

8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi

NCCPL/CM/JULY-25/04

July 10, 2025

Proposed Amendments in the NCCPL Regulations, 2015 for Public Comments

Dear Clearing Members,

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

- **Concentration Margins**
- **Admission as a Clearing Member & Settling Bank for Digital Banks and Admission as a Clearing Member for ETF**

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

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

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

Regards,

____sd_____
Adnan Akhtar
Senior Manager - CSS

GUIDELINES AND TIME PERIOD FOR SUBMISSION OF PUBLIC COMMENTS:

NCCPL invites all stakeholders to provide their comments on the proposed amendments in NCCPL Regulations 2015. The proposed amendments have been approved by the Board and are placed on NCCPL's website for seeking public comments in pursuance of provisions stipulated in Section 26(5) of the Securities Act, 2015 for a period of 7 Days, ending on **July 17, 2025**.

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 mentioned period, 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.

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PROPOSED AMENDMENTS IN NCCPL REGULATIONS, 2015 PERTAINING TO CONCENTRATION MARGIN

Overview:

The risk management framework implemented by NCCPL has various components which include margin requirements. Keeping in view the risk profile of the particular market segment, different types of margins are collected. NCCPL periodically reviews the implemented risk management measures to ascertain whether any revision, update or introduction of a new provision is required, based on the prevailing market dynamics to ensure effectiveness and efficiency of the risk management function. As part of this exercise, NCCPL reviewed the different types of margins and compiled its recommendations which include introduction of certain changes in the Concentration Margins.

The Concentration Margins are applicable with respect to open exposure in the following:

1. Deliverable Futures Contracts.
2. Cash Settled Futures Contracts.
3. Margin Trading (collected from the Finanee).
4. Securities Lending and Borrowing.

Concentration Margins are applied as per the criteria prescribed in the Schedule VI of Chapter 12 of NCCPL Regulations, 2015 and it is applied at three level i.e., Client, Broker and Market, at the prescribed rates and manner. Further, Concentration Margins are applied only when both the conditions given in the slabs are applicable. Furthermore, Broker Wide and Market Wide Concentration Margin slabs are applied, subject to certain conditions prescribed in NCCPL Regulations, 2015.

Concentration Margins are computed at the end of the Trade Date and collected in the form of Cash, Near Cash Instruments and Bank Guarantee.

Proposal:

It is proposed that Market Wide and UIN Wide Concentration Margin requirement should be removed and the rate applied for collecting Broker Wide Concentration Margin should be increased by adding the rate applied for collecting UIN Wide margin under each slab. For example, Broker Wide Concentration Margins, based on the aforementioned proposed changes, will be revised as per the table given below. (For complete details of the proposed amendments please refer Annexure – I).

Broker Based Concentration					
DFC Position to Total Position		DFC Position to Free float		Margin Applicable	Margin Proposed
From	To	From	To		
5%	10%	1%	1.50%	1%	1.5%
10%	20%	1.50%	2.00%	2%	3.0%
20%	30%	2.00%	2.50%	3%	4.5%
30%	40%	2.50%	3.00%	4%	6.5%
40%	60%	3.00%	3.50%	5%	8.5%
60%	80%	3.50%	4.50%	6%	10.5%
80%	And above	4.50%	And above	7%	12.0%

Rationale:

Margin is collected from securities brokers in order to ensure availability of adequate financial resources in the event of its failure to meet the settlement/margin obligation with respect to its open exposure in different markets.

Default is managed at the securities broker level and the deposited margins are utilized to settle the open exposure in the event of default, therefore, computation and collection of Market Wide and Client Wide Concentration Margins separately makes the process complex to run and comprehend.

Further, keeping in view the Market Wide Concentration Margin application slabs, concentrated open position of a few securities brokers in a particular security could lead to imposition of Market Wide Concentration Margins, especially in case of securities with limited free float, which will be collected market wide from all brokers irrespective of the materiality of its open exposure in that particular security, which is not considered prudent.

Therefore, the burden of depositing extra margin should be upon the securities brokers holding concentrated positions in DFC, CSF, MTS and / or SLB market in any particular security. Additionally, since default proceedings are carried out at securities broker level, while a UIN's concentrated open exposure in a security could be spread across multiple securities brokers, removal of UIN level Concentration Margin requirement and enhancing the rate of Concentration Margin applied at securities broker level with the same percentage as applied at the UIN level for collecting Concentration Margins, the underlying risk is expected to be mitigated at an acceptable level.

Impact:

Adequate Concentration Margins will continue to be collected with respect to material open exposure of a securities broker in DFC, CSF, MTS and SLB market. Further, securities brokers with limited open exposure in a security, not meeting the conditions determined for application of Broker Wide Concentration Margins, shall not be required to deposit any extra margin with NCCPL with respect to such exposure.

PROPOSED AMENDMENTS IN NCCPL REGULATIONS, 2015 – CONCENTRATION MARGINS

Schedule-VI
CONCENTRATION MARGINS DEPOSITS

CONCENTRATION MARGIN SLABS					
%AGE OF DFC/CSF POSITION TO TOTAL DFC/CSF POSITION		AND	%AGE OF DFC/CSF POSITION TO FREE-FLOAT OF SCRIP		<u>CONCENTRATION MARGINS</u> Concentration Margins
MARKET-WIDE SECURITY CONCENTRATION SLABS AND RATES					
Greater than	2	"	Greater than	5.00	1.00
Greater than	6	"	Greater than	7.50	2.00
Greater than	8	"	Greater than	10.00	3.00
Greater than	10	"	Greater than	15.00	4.00
Greater than	12	"	Greater than	25.00	5.00
Greater than	14	"	Greater than	35.00	6.00
Greater than	16	"	Greater than	45.00	7.00
SECURITIES BROKER-WIDE SECURITY CONCENTRATION <u>MARGIN</u> SLABS AND RATES					
Greater than	5	"	Greater than	1.00	1.5-1.00
Greater than	10	"	Greater than	1.50	3.0-2.00
Greater than	20	"	Greater than	2.00	4.5-3.00
Greater than	30	"	Greater than	2.50	6.5-4.00
Greater than	40	"	Greater than	3.00	8.5-5.00
Greater than	60	"	Greater than	3.50	10.5-6.00
Greater than	80	"	Greater than	4.50	12.0-7.00
UIN-WIDE SECURITY CONCENTRATION SLABS AND RATES					
Greater than	1	"	Greater than	0.50	0.50
Greater than	2	"	Greater than	0.75	1.00

Greater than	5	"	Greater than	1.00	1.50
Greater than	10	"	Greater than	1.25	2.50
Greater than	20	"	Greater than	1.50	3.50
Greater than	30	"	Greater than	1.75	4.50
Greater than	40	"	Greater than	2.00	5.00

* ~~Market wide (enhanced) concentration margin shall be applicable on the total current open position of DFC eligible security during 90 day's average open position of that particular security computed on rolling basis based on the following factors subject to fulfilment of the aforesaid requirements:~~

(% Variation in Avg. Open position of DFC eligible security)	Proposed Factor	Enhanced CM
% Variation is less than & equal to 50%	Nil	Actual Concentration Margin Computed
% Variation is greater than 50% and less than 100%	1.1x — 1.49x	Actual Concentration Margin Computed to be multiplied by proportionate enhanced factor
% Variation is greater than 100% and less than 200%	1.5x	Actual Concentration Margin Computed to be multiplied by flat enhanced factor
% Variation is greater than 200% and less than 300%	2x	Actual Concentration Margin Computed multiply by flat enhanced factor
% Variation is greater than 300%	3x	Actual Concentration Margin Computed multiply by flat enhanced factor

- Note:**
- ~~1. All three tier~~ Concentration Margins in DFC and CSF will be applied on 'AND' basis and shall be applicable on the basis of average of the Margins corresponding to the two applicable slabs.
 - ~~2. First three slabs of market wide concentration margins shall only be collected from the Clearing Members on which either the Securities Broker wide security concentration slab or UIN wide security concentration slabs, specified in the above table, have been reached.~~
 - ~~3. Market wide concentration margins determined under the last three market wide security concentration slabs shall be collected from all Clearing Members.~~
 2. Concentration Margin with respect to DFC & CSF shall only be collected when the (net) exposure of the entire market in DFC & CSF exceed Rs.1 billion on a day, as per applicable slab of concentration margins.

Schedule VI (continued)

CONCENTRATION MARGIN SLABS in MTS AND SLB MARKET					
%AGE OF MTS/SLB		AND	%AGE OF MTS/SLB POSITION TO FREE-FLOAT OF SCRP		CONCENTRATION MARGINS
MARKET-WIDE SECURITY CONCENTRATION MARGIN SLABS AND RATES					
Greater than	2	"	Greater than	2.9	1.61
Greater than	6	"	Greater than	4.3	3.23
Greater than	8	"	Greater than	5.7	4.84
Greater than	10	"	Greater than	8.6	6.45
Greater than	12	"	Greater than	14.3	8.06
Greater than	14	"	Greater than	20	9.68
SECURITIES BROKER-WIDE CLEARING MEMBER-WIDE SECURITY CONCENTRATION MARGIN SLABS AND RATES					
Greater than	5	"	Greater than	0.6	1.61
Greater than	10	"	Greater than	0.9	3.23 4.04
Greater than	20	"	Greater than	1.1	6.45 4.84
Greater than	30	"	Greater than	1.4	8.87 6.45
Greater than	40	"	Greater than	1.7	12.09 8.06
Greater than	60	"	Greater than	2.0	15.33 9.68
UIN-WIDE SECURITY CONCENTRATION MARGIN SLABS AND RATES					
Greater than	1	"	Greater than	0.17	0.81
Greater than	2	"	Greater than	0.25	1.61
Greater than	4	"	Greater than	0.33	2.42
Greater than	8	"	Greater than	0.42	4.03
Greater than	16	"	Greater than	0.50	5.65

- Note:**
- ~~All three tier~~ Concentration Margins will be applied on 'AND' basis and shall be applicable on the basis of average of the Margins corresponding to the two applicable slabs.
 - ~~First three slabs of market wide concentration margins shall only be collected from the Clearing Members on which either the Securities Broker-wide security concentration slab or UIN-wide security concentration slabs, specified in the above table, have been reached.~~

~~3. Market wide concentration margins determined under the last three market wide security concentration slab shall be collected from all Clearing Members.~~

GUIDELINES AND TIME PERIOD FOR SUBMISSION OF PUBLIC COMMENTS:

NCCPL invites all stakeholders to provide their comments on the proposed amendments in NCCPL Regulations 2015. The proposed amendments have been approved by the Board and are placed on NCCPL's website for seeking public comments in pursuance of provisions stipulated in Section 26(5) of the Securities Act, 2015 for a period of 7 Days, ending on **July 17, 2025**.

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 mentioned period, 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.

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PROPOSED AMENDMENTS IN NCCPL REGULATIONS, 2015 PERTAINING TO ADMISSION AS A CLEARING MEMBER AND SETTLING BANK FOR DIGITAL BANKS AND ADMISSION AS A CLEARING MEMBER FOR ETF

1) Admission as a Clearing Member and Settling Bank – Digital Banks

OVERVIEW

As per NCCPL Regulations, 2015, banks are eligible to apply to NCCPL for becoming its Non-Broker Clearing Member “NBCM”. Further, NCCPL performs its clearing and settlement function through banks that are admitted as Settling Banks, subject to fulfillment of conditions prescribed in the NCCPL Regulations, 2015.

At present, 26 banks have been admitted by NCCPL as its NBCM and 26 banks are also acting as Settling Bank.

In January 2022, the State Bank of Pakistan “SBP” promulgated licensing and regulatory framework for digital banks. As per the applicable regulatory framework, a digital bank is defined as:

Digital bank - means a bank licensed under Section 27 of the Banking Companies Ordinance, 1962, in accordance with this Framework, that provides solutions predominantly through digital and electronic means and which does not have physical branches, subject to any exceptions under these regulations, as may be amended from time to time. This term includes both conventional and Islamic Digital Retail and Digital Full Bank. (Regulation 3(7) of Part B of Licensing and Regulatory Framework for Digital Banks).

A few of these digital banks are approaching NCCPL for admission as a NBCM and Settling Bank. At present, NCCPL Regulations, 2015 do not include provisions for admission of digital banks, accordingly, it is considered practical to propose necessary amendments in the NCCPL Regulations, 2015 for admission of digital banks as Clearing Member and / or Settling Bank.

PROPOSAL

As a Clearing Member:

1. Include digital banks licensed by SBP in the list of entities eligible for admission as a Clearing Member.
2. The rating requirement prescribed for admission as a Clearing Member for banks to be relaxed for a period of six months, subject to the approval of the Board and under intimation to the Commission.
3. If the rating is not provided within the above prescribed time period, the Clearing Member status will be suspended till the time the rating is provided.
4. Digital bank shall not be required to apply for mandatory admission as NBCM.

As a Settling Bank:

1. The requirement to have a physical branch anywhere will be removed for digital banks.

IMPACT

These amendments will enable the admission process to be convenient and straight through for digital banks. Further, digital bank’s inclusion as a Settling Bank will benefit the market participants that prefer to use digital services for the clearing and settlement of their transactions carried out in the securities market.

2) Admission as a Clearing Member – Exchange Traded Funds “ETF”

OVERVIEW

As per NCCPL Regulations, 2015, the notified entities, as defined under the Non-Banking Finance Companies and Notified Entities Regulations, 2008, that have been categorized as Equity Schemes, are mandatorily required to apply for admission as a Non-Broker Clearing Member “NBCM” to the Company.

It was noted that there are a few equities based ETFs that have been listed on the Pakistan Stock Exchange “PSX” and applicability of this mandatory admission requirement on such ETFs was evaluated. It was also noted that certain equities based ETFs are also getting closer to the trading threshold prescribed in the NCCPL Regulations, 2015 for mandatory admission of notified entities that are not categorized as equity schemes. It was concluded that since underlying securities for such ETFs are equities, the mandatory admission related provisions prescribed for equity schemes will also be applicable on equity based ETFs.

In this regard, Mutual Fund Association of Pakistan “MUFAP” reached out to NCCPL through its letter on behalf of such ETFs and urged NCCPL to reconsider the mandatory NBCM requirement for ETFs. They requested that a formal exemption should be granted and the NCCPL Regulations should be amended accordingly. It was also suggested by MUFAP that such an exemption would be consistent with the structure and risk profile of ETFs, international precedent, and the current developmental stage of the local market.

Further, it was also highlighted that ETF’s structure, its categorization given in Non-Banking Finance Companies related regulatory framework and role of AMC managing it, is limited to the extent of purchase/sales of shares, similar to an index fund.

Keeping in view the feedback received from MUFAP, the matter was re-considered and it has been concluded that the provisions prescribed in NCCPL Regulations, 2015 for mandatory admission of notified entities categorized as Equity Scheme shall not be applicable for ETFs. Further, the trading threshold criteria prescribed for mandatory admission should also not be applied to ETFs that are based on equities as they are passively managed index tracking type funds and the number of transactions in the securities market are limited.

PROPOSAL

1. Provide clarity that equities based ETFs are not subject to mandatory admission requirement prescribed for Equity Schemes.
2. Exclude ETF from the applicability of trading threshold prescribed for notified entities that leads to mandatory admission as a Clearing Member.
3. Any ETF choosing to become a clearing member shall continue to have the option to do so.

IMPACT

These amendments will provide clarity with respect to applicability of mandatory admission requirements prescribed in the NCCPL Regulations, 2015 on equities based ETF. Further, it will also facilitate such ETF to freely carry out the transactions in the event of re-balancing of the portfolio without having to consider the trading threshold that leads to mandatory admission as a NBCM.

PROPOSED AMENDMENTS - ADMISSION AS A CLEARING MEMBER AND SETTLING BANK FOR DIGITAL BANKS AND ADMISSION AS A CLEARING MEMBER FOR ETF

Existing Provisions	Proposed Amendments	Rationale
<p>1.8 Definitions</p> <p>Designated Branch</p> <p>means a branch of a Settling Bank acceptable to the Company and to be used for performing money settlement services for the benefit of those Clearing Members who have entered into Tripartite Agreements with Settling Bank(s).</p> <p>Explanation:</p> <p>A Clearing Member may also open multiple Settling Bank accounts with any of the Designated Branch and enter into Tripartite Agreement with same title as that of his Clearing Account in NCSS, in connection with money settlement except where otherwise permitted by the Company.</p> <p>Settling Bank:</p> <p>means a bank acceptable to the Company which meets the eligible criteria set out in these Regulations and is a party to a Tripartite Agreement whereby such bank undertakes to perform money settlement services for the Clearing Member through its Designated Branch. Save and specifically provided that, a Clearing Member may appoint more than one Settling Bank(s) and enter into a Tripartite Agreement with the Designated Branch.</p>	<p>2.8 Definitions</p> <p>Designated Branch</p> <p>means a branch of a Settling Bank acceptable to the Company and to be used for performing money settlement services for the benefit of those Clearing Members who have entered into Tripartite Agreements with Settling Bank(s).</p> <p><u>Provided in case of a digital bank, for the purpose of these Regulations, such bank itself shall be considered a Designated Branch.</u></p> <p>Explanation:</p> <p>A Clearing Member may also open multiple Settling Bank accounts with any of the Designated Branch and enter into Tripartite Agreement with same title as that of his Clearing Account in NCSS, in connection with money settlement except where otherwise permitted by the Company.</p> <p>Settling Bank:</p> <p>means a bank, <u>including a digital bank</u>, acceptable to the Company which meets the eligible criteria set out in these Regulations and is a party to a Tripartite Agreement whereby such bank undertakes to perform money settlement services for the Clearing Member through its Designated Branch.</p> <p>Save and specifically provided that, a Clearing Member may appoint more than one Settling Bank(s) and enter into a Tripartite Agreement with the Designated Branch <u>of such Settling Bank.</u></p>	<p>In case of digital banks, since there will be no physical branches, amendments have been proposed to clarify that the digital bank itself shall be considered a Designated Branch for the purpose of NCCPL Regulations.</p> <p>Amendments have been proposed to include digital banks as Settling Bank.</p> <p>Text Improvement</p>

<p>5.1 Application for admission to the NCSS as Clearing Member</p> <p>5.1.1 Any:</p> <p>(a) TOSB (keeping limited custody), TSSB and TCSB Clearing Members holding TRE Certificate of the Exchange;</p> <p>(b) banking company within the meaning of the Banking Companies Ordinance, 1962 (LVII of 1962) which has been allocated minimum short term credit rating of A3;</p>	<p>5.1 Application for admission to the NCSS as Clearing Member</p> <p>5.1.1 Any:</p> <p>(a) TOSB (keeping limited custody), TSSB and TCSB Clearing Members holding TRE Certificate of the Exchange;</p> <p>(b) banking company, <u>including a digital bank</u>, within the meaning of the Banking Companies Ordinance, 1962 (LVII of 1962) which has been allocated minimum short term credit rating of A3;</p> <p><u>Provided that in case of a new banking company which has either not been issued a short term credit rating or a minimum short term credit rating of A3, this requirement shall be deemed to have been complied with for a period of six months, if the principal sponsor of such banking company has been issued minimum short term credit rating of A3.</u></p> <p><u>Provided further, where principal sponsor of such new banking company has also not been issued a minimum short term credit rating of A3, the prescribed rating requirement could be waived for a period of 6 months, subject to the approval of the Board and under intimation to the Commission.</u></p> <p><u>Any failure to meet the minimum rating requirement during the extended period may lead to action in accordance with Chapter 18 of these Regulations.</u></p> <p>(c) financial institution within the</p>	<p>Clarity has been added that digital banks are also eligible for applying to the Company for admission as Clearing Member.</p> <p>Since a bank could be recently incorporated, the rating may not be available, therefore, provisions have been added to allow time for meeting the rating requirement.</p>
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<p>(c) financial institution within the meaning of the Financial Institutions (Recovery of Finances) Ordinance, 2001 [No. XLVI of 2001] which has been allocated minimum short term credit rating of A3 except for the institutions/entities specifically considered in accordance with provisions contained under these Regulations;</p>	<p>meaning of the Financial Institutions (Recovery of Finances) Ordinance, 2001 [No. XLVI of 2001] which has been allocated minimum short term credit rating of A3 except for the institutions/entities specifically considered in accordance with provisions contained under these Regulations;</p>	
<p>(d) company, corporation or institution to which section 3A of the Banking Companies Ordinance, 1962 (LVII of 1962) is applicable which has been allocated minimum short term credit rating of A3;</p>	<p>(d) company, corporation or institution to which section 3A of the Banking Companies Ordinance, 1962 (LVII of 1962) is applicable which has been allocated minimum short term credit rating of A3;</p>	
<p>(e) investment company registered with the Commission, and any investment advisor licensed by the Commission under The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 which has been allocated minimum short term credit rating of A3 and any custodian appointed with the approval of the Commission pursuant to the said Rules which has been allocated minimum short term credit rating of A3;</p>	<p>(e) investment company registered with the Commission, and any investment advisor licensed by the Commission under The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 which has been allocated minimum short term credit rating of A3 and any custodian appointed with the approval of the Commission pursuant to the said Rules which has been allocated minimum short term credit rating of A3;</p>	
<p>(f) asset management company licensed by the Commission under The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, which has been issued minimum asset manager rating of AM3. Eligible collective investment scheme registered under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 which has been issued minimum long term capital protection rating of CP3 and/or issued minimum fund stability</p>	<p>(f) asset management company licensed by the Commission under The Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, which has been issued minimum asset manager rating of AM3. Eligible collective investment scheme registered under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 which has been issued minimum long term capital protection rating of CP3 and/or issued minimum fund stability</p>	

<p>rating of A(f).</p> <p>Provided that in case of a collective investment scheme which has not been issued the minimum rating as mentioned above the said requirement as to the rating shall be deemed to have been complied if the asset management company managing such collective investment scheme has been issued minimum asset manager rating of AM3, however, once a rating has been assigned to the eligible collective investment scheme, the same shall be considered for meeting the minimum rating requirement prescribed for such collective investment scheme under these Regulations.</p> <p>Provided further that where such asset management company has not been issued minimum asset manager rating of AM3, this requirement shall be deemed to have been complied with for a period of one year in the case of a new asset management company if the principle sponsor of the asset management company has been issued minimum short term credit rating of A3; or</p> <p>(g) any entity as described in (b), (c), (d), (e) and (f) above, which has been allocated minimum short term credit rating of B or any rating that is equivalent to the prescribed minimum rating of B subject to the additional requirement as set out in clause 12.9.8 of these Regulations; or</p> <p>(h) An insurance company registered with the Commission which has been allocated minimum insurer financial strength long-term rating of A+; or</p>	<p>rating of A(f) <u>or any equivalent rating considered adequate by the Company.</u></p> <p>Provided that in case of a collective investment scheme which has not been issued the minimum rating as mentioned above the said requirement as to the rating shall be deemed to have been complied if the asset management company managing such collective investment scheme has been issued minimum asset manager rating of AM3, however, once a rating has been assigned to the eligible collective investment scheme, the same shall be considered for meeting the minimum rating requirement prescribed for such collective investment scheme under these Regulations.</p> <p>Provided further that where such asset management company has not been issued minimum asset manager rating of AM3, this requirement shall be deemed to have been complied with for a period of one year in the case of a new asset management company if the principle sponsor of the asset management company has been issued minimum short term credit rating of A3; or</p> <p>(g) any entity as described in (b), (c), (d), (e) and (f) above, which has been allocated minimum short term credit rating of B or any rating that is equivalent to the prescribed minimum rating of B subject to the additional requirement as set out in clause 12.9.8 of these Regulations; or</p> <p>(h) An insurance company registered with the Commission which has been allocated minimum insurer financial strength long-term rating of A+; or</p>	<p>There are multiple categories of the Fund and there could be different rating scales, as already evident from the amended provision, therefore, amendments are proposed to allow acceptance of different ratings assigned, based on different scales determined by the rating agency, based on the nature and category of the notified entity that could be considered equivalent to prescribed rating requirement.</p>
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<p>(i) other person about which the Board is satisfied that it has a good financial standing, has the capability to satisfy the requirements of these Regulations and is otherwise a fit and proper person to be admitted a Clearing Member,</p> <p>may apply to the Company for admission to NCSS as a Clearing Member, PROVIDED that the TRE Certificate Holders of the Exchange and other persons, companies and entities who were admitted as Clearing Members pursuant to the 2001 NCSS Regulations shall continue to remain as Clearing Members as if admitted as Clearing Members under these Regulations, provided that such Clearing Members shall be required to comply with any additional or modified admission requirements as set out in these Regulations.</p> <p>5.1.2 (a) Any entity as described in clause 5.1.1 (b) or (f) above that is categorized as an equity scheme in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, trading in the Ready Delivery Contract Market and /or Deliverable Future Contracts of Exchange shall mandatorily be required to apply for admission to the Company as Non-Broker Clearing Member in accordance with Chapter 5 of these Regulations.</p> <p>(b) Any entity meeting the criteria as described in clause 5.1.1(c), (d), (e),</p>	<p>(i) other person about which the Board is satisfied that it has a good financial standing, has the capability to satisfy the requirements of these Regulations and is otherwise a fit and proper person to be admitted a Clearing Member,</p> <p>may apply to the Company for admission to NCSS as a Clearing Member, PROVIDED that the TRE Certificate Holders of the Exchange and other persons, companies and entities who were admitted as Clearing Members pursuant to the 2001 NCSS Regulations shall continue to remain as Clearing Members as if admitted as Clearing Members under these Regulations, provided that such Clearing Members shall be required to comply with any additional or modified admission requirements as set out in these Regulations.</p> <p>5.1.2 (a) Any entity as described in clause 5.1.1 (b), except for digital banks, or (f) above that is categorized as an equity scheme, in accordance with the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, trading in the Ready Delivery Contract Market and /or Deliverable Future Contracts of Exchange shall mandatorily be required to apply for admission to the Company as Non-Broker Clearing Member in accordance with Chapter 5 of these Regulations.</p> <p>(b) Any entity meeting the criteria as described in clause 5.1.1(c), (d), (e),</p>	<p></p> <p>As per this Regulations, all banks are mandatorily required to become Clearing Member, therefore, exception has been added for Digital Banks.</p>
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<p>(f) except for the equity schemes covered above and (h) involved in trading in the Ready Delivery Contract Market and / or Deliverable Future Contracts of Exchange and its gross settlement value exceeds an amount of PKR 500 million during the last six months shall mandatorily be required to apply for admission to the Company as Non-Broker Clearing Member in accordance with Chapter 5 of these Regulations. (gross settlement value will be universal and determined on UIN basis).</p> <p>Explanation: Gross settlement value means sum of buy settlement value and sale settlement value.</p> <p>Provided, where the Company determines that the mandatory inclusion of any institution/entity in accordance with the provisions contained under Regulation 5.1.2 (b) shall add to the risk and would be detrimental to the interest of all NCC Participants at large, it can</p>	<p>(f) except for the equity schemes covered above and (h) involved in trading in the Ready Delivery Contract Market and / or Deliverable Future Contracts of Exchange and its gross settlement value exceeds an amount of PKR 500 million during the last six months shall mandatorily be required to apply for admission to the Company as Non-Broker Clearing Member in accordance with Chapter 5 of these Regulations. (gross settlement value will be universal and determined on UIN basis).</p> <p>Explanation: Gross settlement value means sum of buy settlement value and sale settlement value.</p> <p><u>Provided, Regulations 5.1.2(a) and (b) shall not be applicable in case of an equity based Exchange Traded Fund.</u></p> <p>Provided further, where the Company determines that the mandatory inclusion of any institution/entity in accordance with the provisions contained under Regulation 5.1.2 (b) shall add to the risk and would be detrimental to the interest of all NCC</p>	<p>The equity based ETFs have been excluded from the requirement of mandatory or volume based admission criteria. However, it continues to remain eligible for admission as Clearing Member and can choose to do so at its own discretion.</p> <p>Minor text improvement.</p>
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<p>refuse to admit such entity as a Non-Broker Clearing Member.</p> <p>Provided further, that any such refusal shall be made after obtaining the approval of the risk committee after thoroughly documenting the reasons leading to such refusal. The provisions stipulated under Regulation 5.8 of these Regulations shall not be applicable with respect to any such refusal for admitting an entity as a Non-Broker Clearing Member.</p> <p>(c) The first review of institutions/entities as mentioned in clause (b) above will be carried out on the basis of the settlement data for the immediately preceding six calendar months from the date of approval of these Regulations. Afterwards, review of entities will be carried out within first 15 days of January and July every year based on their settlement data of immediate preceding six calendar months.</p> <p>(d) The Company on the basis of review as mentioned in clause (c) above, shall determine the list of institutions/entities that are non-compliant with these Regulations and shall issue a notice to such institution/entity to apply for admission to the</p>	<p>Participants at large, it can refuse to admit such entity as a Non-Broker Clearing Member.</p> <p>Provided furthermore, that any such refusal shall be made after obtaining the approval of the risk committee after thoroughly documenting the reasons leading to such refusal. The provisions stipulated under Regulation 5.8 of these Regulations shall not be applicable with respect to any such refusal for admitting an entity as a Non-Broker Clearing Member.</p> <p>(c) The first review of institutions/entities as mentioned in clause (b) above will be carried out on the basis of the settlement data for the immediately preceding six calendar months from the date of approval of these Regulations. Afterwards, review of entities will be carried out within first 15 days of January and July every year based on their settlement data of immediate preceding six calendar months.</p> <p>(d) The Company on the basis of review as mentioned in clause (c) above, shall determine the list of institutions/entities that are non-compliant with these Regulations and shall issue a notice to such institution/entity to apply for admission to the</p>	<p>Minor text improvement</p>
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<p>Company as Non-Broker Clearing Member in accordance with Chapter 5 of these Regulations within 90 days from the date of such notice. Copies of such notice(s) shall be sent to the Exchange, all Clearing Members, CDC and the Commission.</p> <p>Provided that the Company shall also issue notice to institution /entity, which is mandatorily required to be admitted as Non-Broker Clearing Member in accordance with Regulation 5.1.2 (a) of these Regulations, to apply for admission to the Company within 90 days from the date of such notice. Copies of such notice(s) shall be sent to the Exchange, all Clearing Members, CDC and the Commission.</p> <p>(e) Where such institution/entity fails to comply with the notice as mentioned in (d) above and/or such institution/entity has applied for admission as Non-Broker Clearing Member but application is not processed in accordance with Chapter 5 of these Regulations and procedures of the Company, in such case, the Company, under intimation to the Commission, shall restrict such UIN(s) and serve a notice to such institution/entity. Copies</p>	<p>Company as Non-Broker Clearing Member in accordance with Chapter 5 of these Regulations within 90 days from the date of such notice. Copies of such notice(s) shall be sent to the Exchange, all Clearing Members, CDC and the Commission.</p> <p>Provided that the Company shall also issue notice to institution /entity, which is mandatorily required to be admitted as Non-Broker Clearing Member in accordance with Regulation 5.1.2 (a) of these Regulations, to apply for admission to the Company within 90 days from the date of such notice. Copies of such notice(s) shall be sent to the Exchange, all Clearing Members, CDC and the Commission.</p> <p>(e) Where such institution/entity fails to comply with the notice as mentioned in (d) above and/or such institution/entity has applied for admission as Non-Broker Clearing Member but application is not processed in accordance with Chapter 5 of these Regulations and procedures of the Company, in such case, the Company, under intimation to the Commission, shall restrict</p>	
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<p>of such notice(s) shall be sent to the Exchange, all Clearing Members, CDC and the Commission. However, during restriction period, such UIN shall not be allowed to take further position in any Market and/or Leveraged Market, whereas, squaring-up of open Position(s) and selling of securities available in respective CDC account may be allowed for such restricted UIN(s).</p> <p>Provided where the Company has refused to admit an entity as a Non-Broker Clearing Member in accordance with the provisions contained under Regulations 5.1.2(b), the UIN of such entity shall not be restricted</p>	<p>such UIN(s) and serve a notice to such institution/entity. Copies of such notice(s) shall be sent to the Exchange, all Clearing Members, CDC and the Commission. However, during restriction period, such UIN shall not be allowed to take further position in any Market and/or Leveraged Market, whereas, squaring-up of open Position(s) and selling of securities available in respective CDC account may be allowed for such restricted UIN(s).</p> <p>Provided where the Company has refused to admit an entity as a Non-Broker Clearing Member in accordance with the provisions contained under Regulations 5.1.2(b), the UIN of such entity shall not be restricted</p>	
<p>5.10 Eligible criteria for Admission as Settling Bank</p> <p>5.10.1 The Company may admit a bank as a Settling Bank if:</p> <p>a (i) It is duly licensed to carry on banking business in Pakistan under the Banking Companies Ordinance, 1962 (LVII of 1962), or, being a statutory corporation, it is otherwise entitled to carry on banking business under the law by which it is created,</p> <p>(ii) it has been allocated minimum short-term credit rating of A1; and</p> <p>(iii) it also complies with minimum paid-up capital (free of losses)</p>	<p>5.10 Eligible criteria for Admission as Settling Bank</p> <p>5.10.1 The Company may admit a bank as a Settling Bank if:</p> <p>a (i) It is duly licensed to carry on banking business in Pakistan under the Banking Companies Ordinance, 1962 (LVII of 1962), or, being a statutory corporation, it is otherwise entitled to carry on banking business under the law by which it is created,</p> <p>(ii) it has been allocated minimum short-term credit rating of A1; and</p> <p>(iii) it also complies with minimum paid-up capital (free of losses)</p>	

<p>requirement as prescribed by State Bank of Pakistan from time to time.</p> <p>(b) It has designated bank branches (“Designated Branches”) having physical presence in the premises or building in which Exchange is located or in the vicinity of Exchange. However, the Board may relax such condition from time to time;</p> <p>(c) It has designated a bank branch located in Karachi and acceptable to the Company as its main contact branch;</p> <p>(d) It is capable of maintaining online linkage with NCSS; and</p> <p>(e) It has signed or agreed to sign with the Company an agreement (“Settling Bank Agreement”) in the form prescribed by the Company whereby it undertakes to perform money settlement services for the benefit of the Company and those Clearing Members who become customers of the Designated Branch (es) and have entered into Tripartite Agreements with the Company and such Clearing Members.</p> <p>Provided that the banks admitted as Settling Banks pursuant to these Regulations, shall continue to remain as Settling Banks as if such Settling Banks fulfill the requirements mentioned in Regulation 5.10.1 above and in case any Settling Bank fails to comply with these requirements, it shall be terminated from being a Settling Bank after giving notice of 15 days to market participants. Provided further that all Settling Banks shall comply with any additional or modified admission requirements as</p>	<p>requirement as prescribed by State Bank of Pakistan from time to time.</p> <p>(b) It has designated bank branches (“Designated Branches”) having physical presence in the premises or building in which Exchange is located or in the vicinity of Exchange. However, the Board may relax such condition from time to time;</p> <p>(c) It has designated a bank branch located in Karachi and acceptable to the Company as its main contact branch;</p> <p>(d) It is capable of maintaining online linkage with NCSS; and</p> <p>(e) It has signed or agreed to sign with the Company an agreement (“Settling Bank Agreement”) in the form prescribed by the Company whereby it undertakes to perform money settlement services for the benefit of the Company and those Clearing Members who become customers of the Designated Branch (es) and have entered into Tripartite Agreements with the Company and such Clearing Members.</p> <p><u>Provided that requirement prescribed under Regulation 5.10.1(b) and (c) shall not be applicable in case of a digital bank.</u></p> <p>Provided that the banks admitted as Settling Banks pursuant to these Regulations, shall continue to remain as Settling Banks as if such Settling Banks fulfill the requirements mentioned in Regulation 5.10.1 above and in case any Settling Bank fails to comply with these requirements, it shall be terminated from being a Settling Bank after giving notice of 15 days to market participants. Provided further that all Settling Banks shall comply with any additional or modified admission requirements as</p>	<p>The eligibility condition to have physical branches for a settling bank is proposed to be made inapplicable for the digital banks.</p>
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are presently or in future set out in these Regulations	are presently or in future set out in these Regulations.	
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