



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.

Tel: 021-32401278, E-mail: secretariat@psba.pk, Web: www.psba.pk, Fax: 021-32401279

Bilal Farooq Zardai
Secretary General

Ref: PSBA/S0621-01

June 14, 2021

MR. SHAHZAD AFZAL KHAN
Director/HOD - AML Department
Securities and Exchange Commission of Pakistan
Islamabad.

Subject: **REGISTRATION FOR NADRA VERISYS/BIOMETRIC FACILITY FOR STOCK BROKERS**

Dear Mr. Khan,

This is in continuation of your email dated June 9, 2021, wherein, we have been requested to disseminate the information regarding the subject registration emphasizing the importance of such registration which is an essential exercise to remain compliant with the AML/CFT regime.

Pursuant to it, we would like to refer to SECP Letter No. SMD/SE/2(267)/2016/55 dated May 03, 2021, addressed to the Chief Regulatory Officer, Pakistan Stock Exchange Ltd on the categorization of brokers and the timelines under the Securities Brokers (Licensing and Operations) Regulations, 2016. Whereby, Trading Only (TO) Brokers have to submit the confirmation for entering into an arrangement with any Trading & Clearing (T&C) Broker or Professional Clearing Member (PCM), for their settlement and Clearing Functions, who will ultimately be taking over the AML/CFT compliance obligation of such TO Brokers.

In this respect, we would request your good office that the compliance of AML/CFT regime, including but not limited to the registration for NADRA VERISYS, may please be relaxed for TO Brokers, till the time they enter into an arrangement with any T&C Broker or PCM for their settlement, clearing, and compliance functions to be transferred. As we believe after such an arrangement there would be no use of subject registration with TO Brokers if they have transferred their compliance function in all manner.

Further, it may kindly be noted that NADRA has also provided "On-line verification" of Computerized National Identity Card through their portal "<https://id.nadra.gov.pk/e-id/authenticate>". Therefore, instead of going through the process of acquiring the VERISYS system, the TO Brokers, may be allowed to use this facility for the verification process till the above discussed deadline.

We thank you for your kind consideration and positive response in this regard.

Best Regards,



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Anti-Money Laundering Department

No: SECP / AML - 1101/2021

June 29, 2021

Mr. Bilal Farooq Zardi,
Secretary General,
Pakistan Stock Brokers Association,
Mezzanine Floor, Trading Hall,
Stock Exchange Building,
Stock Exchange Road,
Off I.I Chundrigar Road,
Karachi.

Subject: **Registration for NADRA Verisys/biometric facility for stock brokers**

Dear Sir,

This is in reference to the letter no. "PSBA/S0621-01" dated June 14, 2021, wherein, it was requested that Compliance of AML/CFT regime, including but not limited to the registration for NADRA Verisys/Biometric facility be relaxed for all Trade Only (TO) brokers until such time when they enter into an agreement with any Trading & Clearing Broker, or a Professional Clearing Member for their settlement and clearing functions.

2. In this regard, please note that Compliance of AML/CFT regime is a requirement of SECP AML/CFT Regulations 2020, hence all financial institutions are required to comply with their AML/CFT obligations under the SECP AML/CFT Regulations 2020.

3. Furthermore, you have requested that TO brokers be allowed to use NADRA's online verification services for CNIC verification, instead of going through the process of acquiring NADRA's Verisys/Biometric facility.

4. In this regard, it is to inform you, that according to Section 20 and ANNEXURE – 1 of SECP AML/CFT Regulations 2020, regulated entities are required to validate the documents though NADRA Verisys. In this context NADRA Verisys is considered as verification of documents by NADRA through any platform, hence entities can choose any preferred mode to achieve this verification from NADRA.

Yours truly,

Shahzad Afzal Khan
Director/HOD
Anti-money Laundering department

Received
30/06/2021
12:40pm