



PAKISTAN STOCK BROKERS ASSOCIATION

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

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BILAL FAROOQ ZARDI
Secretary General

Ref: PSBA/PO124-01

January 8, 2024

MR. AKIF SAEED
Chairman
Securities and Exchange Commission of Pakistan
Islamabad.

Subject: **REQUEST FOR REVIEW OF NADRA VERISYS FACILITY SHIFT TO BVPN**

Respected Sir,

This is with reference to the subject captioned above. We are writing to bring to your esteemed attention a matter of recent communication from the National Database and Registration Authority (**NADRA**) regarding the migration of Nadra Verisys to a secured medium, Point-to-Point (P2P) BVPN.

As you are aware, the Nadra Verisys service was extended to all Securities Brokers in compliance with the AML/CFT Regulations, 2020 together with Regulations 2018, and we appreciate the support provided by the Securities and Exchange Commission of Pakistan (**SECP**) through its letter dated March 29, 2020, after which, the members were provisioned with the required services.

However, our members have recently been informed by **NADRA** that they have decided to shift all e-VERISYS clients to a secured medium Point-to-Point (P2P) BVPN. Consequently, access to e-VERISYS through the existing URL/connection will no longer be available after the 15th of January 2024 (**attached**).

Further, our members have been advised to update and avail of dedicated BVPN connectivity from two recommended vendors, namely PTCL and NTC. This transition entails certain financial implications, notably the one-time connectivity charge of Rs. 50,000, along with a monthly fee of Rs. 12,000 by the recommended vendor, in addition to the cost of Verisys/per attempt and NADRA one-time & monthly recurring costs. While we understand the importance of security enhancements, we find this adjustment to be both cumbersome and fail to present a cost-efficient solution for our members.

In light of the above, we humbly request your intervention in finding a more feasible solution by discussing the matter with **NADRA**.

Furthermore, we would like to propose that the National Clearing Company of Pakistan Limited (**NCCPL**) share a copy of the Verisys report they generate as a Centralized KYC Organization. This copy should be sufficient for brokers to retain as it will not only reduce costs for the investor but also eliminate duplicative efforts. It is worth noting that the same information is being collected separately by Banks, **NCCPL**, and brokers for the same client.

We believe that by adopting this recommendation, we can streamline the KYC process and significantly reduce costs and administrative burdens for all parties involved. We kindly request your support in advocating for this approach and ensuring its implementation.

Your continued support is invaluable to the growth and stability of the Capital Market in Pakistan.

Thank you for your time and consideration.

Regards,

Encl: As discussed above

Cc: **MS. MAHEEN FATIMA** – Director/HOD – Anti-Money Laundering Department – **SECP**.



Securities and Exchange Commission of Pakistan
Securities Market Division
Policy, Regulation and Development Department

No. SMD/SE/2(301)2019/18

January 16, 2024

Mr. Bilal Farooq Zardi
Secretary General,
Pakistan Stock Brokers Association,
Stock Exchange Building,
Karachi.

Subject: Request for Review of NADRA Verisys Facility Shift to BVPN

Dear Sir,

This is with reference to your letter no. PSBA/P0124-01 dated January 8, 2024 regarding the recent changes in the NADRA Verisys facility shift to BVPN.

We appreciate your efforts in highlighting the cost and steps associated with the new process. The concerns regarding the perceived cumbersome and cost-effectiveness of the updated procedure are acknowledged. At SECP, we also understand the importance of a streamlined and economically viable verification process for all stakeholders involved.

As you are aware, the SECP has already approved various account opening modes, including the Conventional (Physical) Process, Customer Verification (API), Shared KYC Portal, and the recently introduced Centralized Gateway Portal (CGP). In each of these processes, NADRA verification remains a crucial step to ensure the integrity of the account opening process before assigning the Unique Identification Number (UIN) to the NCCPL database. Hence, the identity document (i.e. CNIC, etc.) of every customer is centrally verified by NCCPL from the NADRA database before opening of account. As practice, it retains a copy of Veri-sys of respective customers, and issues a confirmation SMS to the relevant Participant regarding UIN generation of customer.

With regard to your suggestion to share a copy of Verisys, it is important to mention that NCCPL has informed that, it is restrained from sharing a copy of such Verisys with the Participant due to the terms of the Agreement with NADRA. However, NCCPL is exploring the possibility of sharing a confirmation regarding CNIC verification with the Participant, either through SMS or a report which may be available on NCSS in regards to confirmations of all CNICs to the participant. This record may be deemed sufficient to ensure compliance with the AML/CFT framework to the extent of identification and verification of the identity of the Customer. In this regard, it is pertinent to mention that NCCPL and CDC have also been notified as 'Third Party' under AML regulatory framework, and therefore brokers can rely on the verification of the identity document of the customer performed by NCCPL.

If you have any further questions or concerns, please feel free to reach out.

Yours truly,

(Hafiz M. Wajid Wahidi)
Additional Joint Director

Copy to: Director/HOD – AML Department – SECP
National Clearing Company of Pakistan Limited
Central Depository Company of Pakistan Limited
EClear Services Limited