



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-147

April 30, 2024

NOTICE FOR MEMBERS

PROPOSED AMENDMENTS IN THE CDC REGULATIONS RELATING TO VARIOUS MATTERS

Dear Members,

This is in reference to the notification CDC/C/N/02/2024- dated April 30, 2024 (attached), whereby the comments have been invited by the CDC:

In this regard, the members are hereby requested to kindly submit your comments, if any, at psamail024@gmail.com latest by **May 6, 2024**, so that a consolidated response is submitted to the authorities for their consideration.

_____sd
AKBER ALI
Officer - Secretariat

Copy to:

1. PSBA Website



**Central Depository Company
of Pakistan Limited**

Head Office: CDC House, 99-B,
Block 'B', S.M.C.H.S.,
Main Shakra-e-Faisal,
Karachi-74400

Ref. No. CDC/C/N/02/2024

April 30, 2024

Notification No. 02 of 2024

Proposed amendments in the CDC Regulations relating to Various Matters

To,
The General Public,

This is to bring to the notice of general public that Board of Directors of CDC has approved the attached amendments in the CDC Regulations relating to following matters in light of promoting ease of doing business for the Capital Market or to bring consistency, comprehensible and enabling subject to approval of the Securities and Exchange Commission of Pakistan under Section 35(1) of the Central Depositories Act, 1997 (XIX of 1997) read with Section 52(3) of the Securities Act, 2015 (III of 2015).

(a) Amendments with regard to sending the Account Balance statements:

- i. To synchronize the time period of sending of the Account Balance statements with the PSX Regulations;
- ii. Relaxation for Participants to circularize only physical the Account Balance statement where the email address are not available; and
- iii. Relaxation for Participants to circularize the Account Balance statement only to active Sub-Accounts.

(b) Enabling provision for opening of Sub-Account through digital mode for investors of global custodian.

(c) Other consequential changes.

As required under Section 51(2) of the Securities Act, 2015 (III of 2015), such amendments are placed for public comments which may be sent, in the manner as suggested in the "Guidelines for Submission of Comments", within 7 days of this Notification i.e. by **Tuesday, May 07, 2024**.

Regards,

Hammad Ali Faisal
Chief Compliance Officer

The Director/ HOD (PRDD-SMD)
Securities and Exchange Commission of Pakistan
Islamabad

The Chief Executive Officer
National Clearing Company of Pakistan Limited
Karachi

The Chief Executive Officer
Pakistan Stock Exchange Limited
Karachi

All CDS Elements

Comparative Statement - Amendments in the CDC Regulations relating to Various Matters

S. #	Regulation #	Existing Regulations	Regulations Proposed by CDC	<i>Rationale for changes</i>
1.	2.11.1	<p>Online-Only Securities Broker</p> <p>means a Securities Broker that is sub-categorized as Trading Only and licensed in accordance with the Securities Brokers (Licensing and Operations) Regulations, 2016;</p> <p>Provided that Online-Only Securities Broker shall not be allowed to establish, maintain and operate its proprietary Sub-Account in the CDS with the PCM or T&C, as the case may be.</p>	<p>Online-Only Securities Broker</p> <p>means a Securities Broker that is sub-categorized as Trading Only and licensed in accordance with the Securities Brokers (Licensing and Operations) Regulations, 2016;</p> <p>Provided that Online-Only Securities Broker shall not be allowed to establish, maintain and operate its proprietary Sub-Account in the CDS with the PCM or T&C, as the case may be. <u>However, such proprietary Sub-Account of Online-Only Securities Broker may be established only for the purpose of tagging and other system related requirements.</u></p>	<p><i>Enabling power for opening of Sub-Account of Online-only Securities Broker only for tagging purpose of tagging and other system related requirements.</i></p>
2.	6.2A.1	<p>Every Participant shall send within 10 days of end of each quarter to all Sub-Account Holders maintaining Sub-Accounts under the control of such Participant Holding Balance statements showing the number of every Book-entry Security entered in every such Sub-Account as of the end of the preceding quarter. Such Holding Balance statements shall be generated from the CDS and shall be sent to the Sub-Account Holders in the manner set out in Regulation 2.6.4 including to the email addresses of the Sub-Account Holders notified to the Participants by them.</p>	<p>Every Participant shall send within 40 <u>15 Business</u> 4 Days of end of each quarter to all <u>those</u> Sub-Account Holders maintaining Sub-Accounts <u>(with the exception of blocked Sub-Account)</u> under the control of such Participant <u>where the email address has not provided by the Sub-Account Holder, physical</u> Holding Balance statements showing the number of every Book-entry Security entered in every such Sub-Account as of the end of the preceding quarter. Such Holding Balance statements shall be generated from the CDS and shall be sent to the Sub-Account Holders in the manner set out in Regulation 2.6.4</p>	<p><i>(a) To synchronize the number of days with the PSX Regulations for sending the Balance statements.</i></p> <p><i>(b) Currently, CDC sends Account Balance statement to Sub-Account Holders on their register email on monthly basis, therefore, Participant shall only require to send physical Holding Balance Statements to Sub-Account of Sub-Account Holders, where email address of such Sub-Account Holders are not available in the CDS.</i></p> <p><i>(c) Account Balance statements are required to send only to active Sub-Account of Sub-Account Holders.</i></p>

Comparative Statement - Amendments in the CDC Regulations relating to Various Matters

S. #	Regulation #	Existing Regulations	Regulations Proposed by CDC	<i>Rationale for changes</i>
			including to the email addresses of the Sub-Account Holders notified to the Participants by them.	
3.	6.2.2	<p>A Sub-Account of a Sub-Account Holder shall be established by a Participant only on the basis of Sub-Account Opening Form duly signed by such Sub-Account Holder. No other form or document whatsoever shall be used by a Participant for the purpose of establishment of a Sub-Account in the CDS. Provided that where the Participant is an Authorized Intermediary, the Participant shall use the Customer Relationship Form and the KYC Application Form or, as the case may be, the Sahulat Account Opening Form as provided by the Sub-Account Holder either physically or through Online Portal (in the manner prescribed under the CKO Regulations, 2017 and/or the Procedures prescribed by CDC) in place of Sub-Account Opening Form for the purpose of opening of Sub-Account in the CDS.</p> <p>Provided further that in case of establishment of an MF Sub-Account in the CDS, the relevant margin financing agreement (as referred to in the NCCPL Regulations) pertaining to the Holder of such MF Sub-Account shall be used in place of Sub-Account Opening Form, the Customer Relationship Form or, as the</p>	<p>A Sub-Account of a Sub-Account Holder shall be established by a Participant only on the basis of Sub-Account Opening Form duly signed by such Sub-Account Holder. No other form or document whatsoever shall be used by a Participant for the purpose of establishment of a Sub-Account in the CDS. Provided that where the Participant is an Authorized Intermediary, the Participant shall use the Customer Relationship Form and the KYC Application Form or, as the case may be, the Sahulat Account Opening Form as provided by the Sub-Account Holder either physically or through Online Portal (in the manner prescribed under the CKO Regulations, 2017 and/or the Procedures prescribed by CDC) in place of Sub-Account Opening Form for the purpose of opening of Sub-Account in the CDS.</p> <p>Provided further that in case of establishment of an MF Sub-Account in the CDS, the relevant margin financing agreement (as referred to in the NCCPL Regulations) pertaining to the Holder of such MF Sub-Account shall be used in place of Sub-Account Opening Form, the Customer Relationship Form or, as the</p>	<p><i>Currently, various modes (i.e. Online Portal, NRVA Information, Shared KYC and CGP) are available for resident Pakistani to open the Sub-Account in the CDS.</i></p> <p><i>Further, SECP advised CDC to build the necessary provision for opening of Sub-Account of clients for global custodian through digital onboarding with the Participants who is also admitted as Custodian Clearing Member.</i></p> <p><i>Accordingly, enabling power has been added to allow opening of Sub-Accounts by the Participant on the basis of information received through an electronic mode from global custodian.</i></p>

Comparative Statement - Amendments in the CDC Regulations relating to Various Matters

S. #	Regulation #	Existing Regulations	Regulations Proposed by CDC	<i>Rationale for changes</i>
		<p>case may be, Sahulat Account Opening Form and/or the KYC Application Form and the copy of such margin financing agreement shall be provided to CDC in accordance with the Procedures.</p> <p>Provided further that in case of establishment of an MSF Sub-Account in the CDS, the relevant Master Murabahah Agreement (as prescribed under the NCCPL Regulations) pertaining to the Holder of such MSF Sub-Account shall be used in place of Sub-Account Opening Form or, as the case may be, the Customer Relationship Form and/or the KYC Application Form.</p> <p>Provided further that in case of establishment of Sub-Account of Sub-Account Holder on the basis of NRVA Information or Shared KYC Information, such Account will be established and maintained in such manner and subject to such terms and conditions as prescribed in the Procedures. For the purpose of establishment of Sub-Account, NRVA Information, Shared KYC Information and any additional information as may be prescribed in the Procedures, shall be used in place of Sub-Account Opening Form, the Customer Relationship Form or, as the case may be, the Sahulat Account Opening Form and/or the KYC Application Form and</p>	<p>case may be, Sahulat Account Opening Form and/or the KYC Application Form and the copy of such margin financing agreement shall be provided to CDC in accordance with the Procedures.</p> <p>Provided further that in case of establishment of an MSF Sub-Account in the CDS, the relevant Master Murabahah Agreement (as prescribed under the NCCPL Regulations) pertaining to the Holder of such MSF Sub-Account shall be used in place of Sub-Account Opening Form or, as the case may be, the Customer Relationship Form and/or the KYC Application Form.</p> <p>Provided further that in case of establishment of Sub-Account of Sub-Account Holder on the basis of NRVA Information or Shared KYC Information, such <u>Sub-Account</u> will be established and maintained in such manner and subject to such terms and conditions as prescribed in the Procedures. For the purpose of establishment of Sub-Account, NRVA Information, Shared KYC Information and any additional information as may be prescribed in the Procedures, shall be used in place of Sub-Account Opening Form, the Customer Relationship Form or, as the case may be, the Sahulat Account Opening Form and/or the KYC Application Form and</p>	

Comparative Statement - Amendments in the CDC Regulations relating to Various Matters

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		<p>the requirement of obtaining such forms will be dispensed with.</p> <p>Provided further that where a Sub-Account is established by the Participant in the CDS on the basis of NRVA Information or Shared KYC Information of Sub-Account Holder from the database and any additional information as may be prescribed in the Procedures, such information or any subsequent updations (if any) shall be deemed to have been entered with the authorization and consent of such Sub-Account Holder.</p> <p>Provided further that terms Sub-Account Opening Form, the Customer Relationship Form, the KYC Application Form or, as the case may be, the Sahulat Account Opening Form or Simplified Investor Account Opening Form referred under these Regulations, shall be read as NRVA Information or Shared KYC Information and any additional information as may be prescribed in the Procedures for the purpose of Sub-Account or Investor Account.</p>	<p>the requirement of obtaining such forms will be dispensed with.</p> <p><u>Provided further that in case of establishment of Sub-Account of Sub-Account Holder by the Participant, who is also admitted as Custodian Clearing Member (as defined in the NCCPL Regulations) by the Clearing House, such Sub-Account will be established on the basis of information received through an electronic mode from global custodian. For the purpose of establishment of such Sub-Account information received from global custodian shall be used in place of Sub-Account Opening Form and the Customer Relationship Form and the requirement of obtaining such forms will be dispensed with.</u></p> <p>Provided further that where a Sub-Account is established by the Participant in the CDS on the basis of NRVA Information or Shared KYC Information of Sub-Account Holder from the database and any additional information as may be prescribed in the Procedures, such information or any subsequent updations (if any) shall be deemed to have been entered with the authorization and consent of such Sub-Account Holder.</p> <p>Provided further that terms Sub-Account Opening Form, the Customer Relationship Form, the KYC Application Form or, as the</p>	

Comparative Statement - Amendments in the CDC Regulations relating to Various Matters

S. #	Regulation #	Existing Regulations	Regulations Proposed by CDC	<i>Rationale for changes</i>
			<p>case may be, the Sahulat Account Opening Form or Simplified Investor Account Opening Form referred under these Regulations, shall be read as NRVA Information or Shared KYC Information and any additional information as may be prescribed in the Procedures for the purpose of Sub-Account or Investor Account.</p>	
4.	9.1.1	<p>Subject to Regulations 9.1.2, 9.1.3 and 9.1.4, an Intra Account Delivery is made by means of a Valid Intra Account Delivery Transaction that:</p> <p>(n) pertains to any of the other Securities transactions prescribed by the CDC under paragraphs (d), (h), (i), (l), (m), (n), (o), (oa), (ob), (oc), (od) and (p) of Regulation 3.17.1, provided that all the conditions attached to such transaction have been satisfied by the Account Holder in the manner as notified by the CDC from time to time; or</p>	<p>Subject to Regulations 9.1.2, 9.1.3 and 9.1.4, an Intra Account Delivery is made by means of a Valid Intra Account Delivery Transaction that:</p> <p>(n) pertains to any of the other Securities transactions prescribed by the CDC under paragraphs (d), (h), (i), (l), (m), (n), (o), (oa), (ob), (oc), (od), <u>(of)</u> and (p) of Regulation 3.17.1, provided that all the conditions attached to such transaction have been satisfied by the Account Holder in the manner as notified by the CDC from time to time; or</p>	Incidental change.
5.	9.2.1	<p>Subject to Regulations 9.2.2, 9.2.3 and 9.2.4, an Inter Account Free Delivery is made by means of a Valid Inter Account Free Delivery Transaction that:</p> <p>(n) pertains to any of the other Securities transactions prescribed by the CDC under paragraphs (d), (h), (i), (l), (m), (n), (o), (oa), (ob), (oc), (od) and (p) of</p>	<p>Subject to Regulations 9.2.2, 9.2.3 and 9.2.4, an Inter Account Free Delivery is made by means of a Valid Inter Account Free Delivery Transaction that:</p> <p>(n) pertains to any of the other Securities transactions prescribed by the CDC under paragraphs (d), (h), (i), (l), (m), (n), (o), (oa), (ob), (oc), (od), <u>(of)</u> and (p)</p>	Incidental change.

Comparative Statement - Amendments in the CDC Regulations relating to Various Matters

S. #	Regulation #	Existing Regulations	Regulations Proposed by CDC	<i>Rationale for changes</i>
		Regulation 3.17.1, provided that all the conditions attached to such transaction have been satisfied by the Account Holder in the manner as notified by the CDC from time to time; or	of Regulation 3.17.1, provided that all the conditions attached to such transaction have been satisfied by the Account Holder in the manner as notified by the CDC from time to time; or	

Guidelines for Submission of Comments

1. CDC invites the interested parties to provide their comments and views, with specific reference to the subject matter of the proposed amendments to CDC Regulations notified via notices, through any of the following modes.

Email	comments@cdcpak.com
Mail	The Chief Compliance Officer, Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Pakistan

2. At the time of submission of comments, respondent is advised to provide the information, as per **Table-A** below, so that CDC may contact him/her for clarification or deliberation on the comments, if needed. Anonymous responses may be disregarded by CDC.

Table A

To Be Filed By The Respondent	
Name of respondent	
Account No.	
Name of company (if applicable)	
Designation (if applicable)	
Contact Number	
Email Address	

3. The respondent may request confidential treatment for his/ her identity and all or any part of comments due to their proprietary, confidential or commercial nature, by clearly marking the information in **Table-B** below:

Table B

Disclosure of Identity and Comments

<p>Please check the box(es) if you wish to be remain confidential:</p> <p><input type="checkbox"/> I wish to have my identity remain confidential.</p> <p><input type="checkbox"/> I wish to keep all or any part of my comments confidential.</p>
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If respondent wishes to keep any part(s) of comments confidential, then he/she is required to clearly specify such part(s) of comments.

4. To ensure quality and promote transparency, CDC will publish the relevant comments of respondents and its management's response thereon in the form of a Response Paper on its website, within a reasonable timeframe, after close of public consultation session, unless the respondent has made a confidentiality request.
5. Any policy or rule amendment may be subject to regulatory concurrence. For this purpose, respondents should note that notwithstanding any confidentiality request, CDC will share all their response(s) with the Securities and Exchange Commission of Pakistan (Apex Regulator).
6. By submitting comments, respondents are deemed to have consented to the collection, use and disclosure of data that is provided to CDC, unless respondents wish to have their identity or comments remain confidential.