

**FORM OF APPLICATION FOR REGISTRATION
AS A CLEARING HOUSE**

To

The Securities and Exchange Commission of Pakistan, Islamabad.

Dear Sir,

We hereby apply for registration of

.....

.....(Name of the Clearing House) under rule 4 of the Clearing Houses (Registration and Regulation) Rules, 2005.

1. A copy of the Memorandum and the Articles of Association is enclosed.
2. Necessary information required in the annex to this form is furnished alongwith the undertaking to keep the information up to date at all times.
3. Registration fee of five hundred thousand rupees (Rs.500,000/) has been deposited in the State Bank of Pakistan/ the National Bank of Pakistan on _____ and original copy of the treasury challan is enclosed.

Yours faithfully,

(Signature of the authorized officer)

ANNEXURE

General Information

1. Name, address and telephone number(s) of the clearing house.
2. Date and place of incorporation.
3. Names and addresses of promoters and directors.
4. Documentary evidence indicating that a stock exchange is a share holder of the clearing house.
5. The shareholding structure of the clearing house
6. Names and addresses of senior management officers.
7. Whether initial contribution of rupees one hundred million has been made by the clearing house towards clearing and settlement fund.

Integrity and Honesty

8. Whether any promoter, director has been convicted of fraud or breach of trust.
9. Whether any promoter or director has been a defaulter of any commercial bank or financial institution or non-banking financial institution or has suspended payment or has compounded with his creditors.
10. Whether any director has been adjudicated as insolvent.

The “Fit and Proper Person Test”

11. Whether any officer or employee has been convicted of fraud or breach of trust.
12. Whether any senior management officer has been adjudicated as insolvent or has suspended payment or has compounded with his creditors.
13. Whether any director, officer or employee of the company has been a sponsor, director, chief executive or a senior management officer of a defaulting co-operative finance society or finance company.
14. Whether any officer or employee of the clearing house has been a defaulter of any commercial bank or financial institution including non-banking financial institution or has suspended payment or has compounded with his creditors.

15. The clearing house shall be expected to ensure that their business is run with a good standard of honesty and integrity from their directors and staff.

Competence and Capacity

16. Previous experience of the promoters and directors in the field related with clearing house.

17. Previous experience of senior management officers.

Systems Capabilities

18. Whether there exists any contractual arrangement as deemed necessary for the professional execution of the business of clearing house (such as MOU's with stock exchanges, Central Depository etc.)

19. Demonstrate that the organizational structure and hierarchy of the clearing house provides effective management for the business.

20. Whether an independent system audit has been conducted of the NCSS.

21. Whether adequate risk management systems are in place to ensure smooth settlement and protection of investors.

Financial Standing

22. The Clearing House is required to demonstrate that it is financially sound and has sufficient balance sheet and working capital strength to carry out settlement of securities business to the degree of risk that it might need to absorb under the circumstances of its type and volume of activity.

Operate and Maintain Adequate Compliance Functions

23. The clearing house must ensure that it has an adequate compliance policy and issues an internal staff compliance manual to all staff.

24. The clearing house will be required to operate and maintain compliance procedures and practices to ensure that there is no breach of laws, regulations, procedures, etc.

25. Where such breaches are discovered by a clearing house, these should be promptly reported to their Board and the Commission together with the action taken by the clearing house.

26. Clearing House will be required to ensure that all relevant members of staff are aware of the compliance requirements and are suitably kept up to date on any significant changes.

27. There must be a clear policy and practice in regard to personal dealing of directors and staff, including that of connected persons, in securities.

28. The clearing house is required to maintain an effective complaints handling process.

29. Disclose the governance structure of the clearing house and the role of committees.

Note :

- i. An affidavit from each promoter, director and officer in respect of statement at serial Nos. 8,9 and 10, shall be submitted.
- ii. Certification by the proposed chief executive of the clearing house in respect of statement at serial Nos. 11, 12, 13 and 14 shall be submitted.