

GOVERNMENT OF PAKISTAN  
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, 21<sup>st</sup> October, 2019

**NOTIFICATION**

S. R. O. 1239 (I)/2019. - In exercise of the powers conferred by sub-section (1) of section 114 read with sections 58, 59, 60, 61, 62, 63, 64, 66, 68 and 95 of the Futures Market Act, 2016, (XIV of 2016), the Securities and Exchange Commission of Pakistan is pleased to make the following amendments to the Futures Brokers (Licensing and Operations) regulations, 2018, the same having been previously published in the official Gazette *vide* SRO 1116(I)/2019, dated September 19, 2019, namely:-

In the aforesaid Regulations,-

- (1) in regulation 4, in sub-regulation (1), for clause (k) and proviso the following shall be substituted, namely:-
  - “(k) In case of a company other than a company deemed licensed under regulation 3 above, its sponsors have submitted verifiable documents such as wealth statement submitted with the tax authorities or a certificate issued by an auditor enlisted within category “A” of the State Bank of Pakistan’s panel of auditors to demonstrate that its net worth is not less than twice the amount to be subscribed by him personally”;
- (2) in regulation 7,-
  - (a) in sub-regulation (1), the expression “and net capital balance of Rupees five (05) million” shall be deleted;
  - (b) in sub-regulation 2, for the words “immediately” the expression “ allow a further period of 30 calendar days to the futures broker to comply with the minimum capital requirement and failing of which the futures exchange shall” shall be substituted;
  - (c) sub-regulations 3, 4 , 5 and 6 shall be deleted;
- (3) in regulation 9,-
  - (a) in sub-regulation (1), after the words “along with” the words “an undertaking stating that it is in compliance with all regulatory requirements and” shall be added;
  - (b) sub-regulation (3), shall be deleted;
  - (c) for sub-regulation (4), the following shall be substituted, namely:-
    - “(4) The Commission upon being satisfied that the applicant continues to meet the requirements for licensing, is in compliance with the provisions of the Act, any rules, regulations, notifications, directives,

guidelines or codes issued thereunder and it is in the public interest and interest of the commodity market, may renew the licence of a futures broker as recommended by the futures exchange for another calendar year and convey the same to the futures exchange for onward dissemination to all stakeholders.”; and

- (d) in sub-regulation (6), the words “ in addition to the criteria laid down for grant of license, also” shall be deleted;
- (4) in regulation 11,-
- (a) sub-regulation (3), for the words “be cancelled subject to the requirements of the Act” the words “cease to be valid” shall be substituted;
  - (b) in sub-regulation (4), for the words “is cancelled” the words “ceased to be valid” shall be substituted; and
  - (c) for sub-regulation (5), for the word “cancellation”, the word “cessation” shall be substituted
- (5) in regulation 27, in sub-regulation (5),-
- (a) for the word “monthly” the word “quarterly” shall be substituted; and
  - (b) For the full stop at the end a colon shall be substituted and thereafter the following proviso shall be inserted, namely:-


“Provided that any instance of non-compliance would be reported to the board of directors on an immediate basis.”
- (6) Schedule II shall be deleted;
- (7) in Annexure A, in paragraph (2), the words “Copies of annual accounts of such companies and firms for the last three years along with summary of their paid-up share capital, free reserves, profit after tax and dividend payment to be provided” shall be deleted;
- (8) in Annexure A-1,-
- (a) in paragraph (4.1), the words “and that of the certificate of commencement of business” shall be deleted; and
  - (b) in clause (4.10), for the words “since its inception” the words “for the last twelve months” shall be substituted;
- (9) in Annexure B, in clause (b),-
- (a) in paragraph (3), in sub-paragraph (a), for the expression “ and ;” a colon shall be substituted and thereafter the following proviso shall be inserted namely:-

“Provided that where a person possesses five years of relevant experience of the financial services sector/capital markets/commodity business, the minimum qualification requirement may be relaxed”; and

- (b) in paragraph (3), in sub-paragraph (b), for the word “seven” the word “five” shall be substituted and for the full stop at the end, a colon shall be substituted and thereafter the word “and” shall be inserted;
- (10) in Form C, for paragraph (4), the following shall be substituted, namely:-
- “(4) An undertaking stating that the futures broker is compliant with all regulatory requirements including compliance with fit & proper criteria as specified in the Futures Brokers (Licensing and Operations) Regulations, 2018 is enclosed.”; and
- (11) in Annexure C, in clause 9, in paragraph (c) for the expression “section 236”, the expression “relevant section” shall be substituted.

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[No. SMD/SE/2(267)/2017]

  
( Bilal Rasul )  
Secretary to the Commission