



Securities and Exchange Commission of Pakistan
Securities Market Division
Licensing and Capital Issue Department

No. 4(2/33)SE/SMD/2015

April 8, 2015

Mr. Nadeem Naqvi,
Managing Director,
Karachi Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Mian Ayyaz Afzal,
Managing Director,
Islamabad Stock Exchange Limited,
ISE Tower,
Jinnah Avenue, Blue Area,
Islamabad.

Mr. Aftab Ahmed Chaudry,
Managing Director,
Lahore Stock Exchange Limited,
LSE Building,
19, Khayaban-e-Aiwan-e-Iqbal,
Lahore.

Mr. Ijaz Ali Shah,
Managing Director,
Pakistan Mercantile Exchange Limited,
3-B, 3rd Floor, Bahria Complex IV,
CH Khalique-uz-Zaman Road, Gizri,
Karachi

Mr. Muhammad Lukman,
Chief Executive Officer,
National Clearing Company of Pakistan
Limited,
8th Floor, Stock Exchange Building,
Stock Exchange Road,
Karachi.


Mr. Muhammad Hanif Jakhura,
Chief Executive Officer,
Central Depository Company of Pakistan
Limited,
CDC House, 99-B, Block B, S.M.C.H.S,
Main Shahra-e-Faisal,
Karachi.

SUBJECT: Mandatory Certification for the professionals of Capital Market

Dear Sir(s),

With a view to inculcate good governance practices in the Pakistan capital market and in order to have professional / skilled personnel working with the brokers, the Securities and Exchange Commission of Pakistan in exercise of its powers conferred under section 40(B) of the Securities and Exchange Commission of Pakistan Act, 1997 issued the Circular No. 9/2015 in supersession to its earlier Circular No. 34 of 2009 dated October 30, 2009 regarding the mandatory Certification for the professionals of Capital Market.

2. Please find enclosed a copy of Circular No. 9/2015 for compliance. Moreover, all Exchanges are directed to ensure dissemination of this circular to its Brokers / TREC holders for compliance.


(Asima Wajid)
Deputy Director (LCID)



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No. 4(2/33)SE/SMD/2015

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Circular No. 9/2015

Attention:

1. Karachi Stock Exchange Limited,
2. Lahore Stock Exchange Limited,
3. Islamabad Stock Exchange Limited,
4. Pakistan Mercantile Exchange Limited,
5. National Clearing Company of Pakistan Limited,
6. Central Depository Company of Pakistan Limited,
7. All TREC Holder/Brokers of:
 - i. Karachi Stock Exchange Limited,
 - ii. Lahore Stock Exchange Limited,
 - iii. Islamabad Stock Exchange Limited,
 - iv. Pakistan Mercantile Exchange Limited,

SUBJECT: MANDATORY CERTIFICATION FOR THE PROFESSIONALS OF CAPITAL MARKET

In order to develop human capital in the financial markets and building investor confidence by enhancing professional competence of individuals working in these markets, the Securities and Exchange Commission of Pakistan, in exercise of its powers conferred under Section 40(B) of the Securities and Exchange Commission of Pakistan Act, 1997, directs the following to ensure compliance with the below mentioned requirements:-

2. (A) For Brokerage Houses (Brokers/TREC holders)
 - i. All existing professionals employed by the brokerage houses who are engaged in the following activities related to securities shall obtain Pakistan Markets and Regulation Program (PMR) and Fundamentals of Capital Market (FCM) certifications currently being offered by Institute of Capital Market (ICM) within 18 months of issuance of this circular:-
 - a. Sale and marketing - those interfacing and advising clients to buy, sell or hold listed and traded instruments;
 - b. Customer relations - those interacting with the clients for account opening including completion of KYC formalities, etc.;



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- c. Research Analysts carrying out fundamental and technical analysis, whether it is made public or not;
 - d. Trading – traders receiving and / or executing client's or proprietary orders;
 - e. Risk Management – those managing both the company and client risks;
 - f. Settlements – working in the back office including those interacting with depository and clearing company, and managing client accounts; and
 - g. Compliance – those engaged in ensuring compliance with the all applicable capital market regulatory framework.
- ii. In addition to above certifications, all existing professionals engaged or employed by brokerage house for sales function i.e. advising the clients about investments shall obtain Stock Broker Certification (SBC) currently being offered by ICM by December 31, 2016.
- iii. All new professionals joining brokerage house after the date of the issuance of this circular and engaged in the activities as stated above shall obtain PMR and FCM certification within 12 months of their joining. However, if a new professional is engaged in sales function of brokerage house i.e. advising the clients about investments, he/she shall obtain SBC in addition to PMR and FCM certification within 12 months of their joining.

(B) For Registered Exchange, Depository, Clearing company

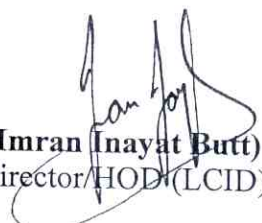
- i. All existing professionals employed by Exchanges, Depository or Clearing company for the following activities shall obtain Pakistan Markets and Regulation Program (PMR) and Fundamentals of Capital Market (FCM) certifications of ICM within-18 months of the issuance of this circular:-
- a. Customer relations – those interacting with the clients for account opening including completion of KYC formalities, etc.;
 - b. Risk Management – those managing both the business and client risks;
 - c. Clearing & Settlements – those responsible for clearing and settlement;
 - d. Compliance – those engaged in ensuring compliance with the all applicable capital market regulatory framework;
 - e. Trustee & Custodian Services – those engaged in providing trustee and custodian services.
- ii. All new professionals joining Exchanges, Depository or Clearing company after the date of the issuance of this circular, and performing activities referred in para 2 (B)(i) above, shall obtain PMR and FCM certifications within 12 months of their joining.



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3. Professionals desirous of availing certification through grandfathering provision should approach ICM for details and this provision will lapse after December 31, 2015.
4. All above referred shall ensure that their employees who obtain certification through exam or grandfathering shall comply with all certification requirements.
5. All the professionals working with or working for the aforesaid entities in respect of above defined activities shall comply with the applicable mandatory certification requirement. It shall be responsibility of entities to ensure compliance of above requirements by any third party to whom any of the above mentioned function or activity has been delegated.

This circular will supersede earlier Circular No 34 of 2009 dated October 30, 2009. This Circular shall come into force with immediate effect and all above referred entities are required to ensure its meticulous compliance in letter and spirit.


(Imran Inayat Butt)
Director/HOD (LCID)

Distribution:

1. Chief Executives, All TREC holders/broker of KSE, LSE, ISE
2. Chief Executives, All PMEX brokers
3. Managing Director, Karachi Stock Exchange Limited
4. Managing Director, Lahore Stock Exchange Limited
5. Managing Director, Islamabad Stock Exchange Limited
6. Managing Director, Pakistan Mercantile Exchange Limited
7. Chief Executive Officer, National Clearing Company of Pakistan Limited
8. Chief Executive Officer, Central Depository Company of Pakistan Limited