

**Amendments in the Licensing Regulations for Securities Exchanges, Central  
Depositories and Clearing Houses**

The Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 546(I)/2020, S.R.O. 548(I)/2020 and S.R.O. 549(I)/2020 dated June 11, 2020 (copies enclosed) had carried out amendments in the Securities Exchanges (Licensing and Operations) Regulations, 2016, Central Depositories (Licensing and Operations) Regulations, 2016 and Clearing Houses (Licensing and Operations) Regulations, 2016.

In this regard, the SECP is in receipt of certain feedback from the market participants regarding the above-referred amendments. Therefore, it is requested that any comments thereon may be submitted to the SECP positively by September 04, 2020.

*Enclosure:*

As above.

**Government of Pakistan**  
**Securities and Exchange Commission of Pakistan**

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Islamabad, 11<sup>th</sup> June, 2020

**NOTIFICATION**

**S.R.O. 549 (I)/2020.-** In exercise of the powers conferred by section 169 of the Securities Act, 2015 (III of 2015), the Securities and Exchange Commission of Pakistan hereby makes the following amendments to the Central Depositories (Licensing and Operations) Regulations, 2016, the same having been previously published in the official Gazette vide S.R.O. No. 292 (I)/2020 dated April 07, 2020 and S.R.O. No. 311 (I)/2020 dated April 15, 2020, and also placed on its website as required under sub-section (4) of section 169 thereof, namely:-

In the aforesaid Regulations, -

- (1) In regulation 9, sub-regulation (1), clause (g) of proviso to Explanation, the word "two" shall be substituted in place of the word "three".
- (2) In regulation 9, sub-regulation (3), clause (a), after the words, "for appointment as independent directors" the following words shall be inserted, "in accordance with the guidelines issued by the Commission".
- (3) In regulation 9, sub-regulation (3), clause (c), the following proviso shall be inserted, namely, -

*"Provided further that where the Commission is not satisfied about the suitability of person(s) proposed again by the central depository, the Commission shall appoint any such person as deemed appropriate as independent director of the central depository."*

- (4) In regulation 9, sub-regulation (4), the following new provisos shall be inserted, namely, -

*"Provided that this condition shall not be applicable in the case of first meeting of the board of directors after the election of directors in which the names of the independent directors are to be finalized for submission to Commission as per sub-regulation 9(3):*

*Provided further that in the first meeting of the board of directors after the election of directors in which the names of the independent directors are to be finalized no other matter shall be decided by the board of directors."*

- (5) In regulation 9, the following new sub-regulation (8) shall be inserted after sub-regulation (7), namely, -

*“(8) The central depository shall obtain clearance from the Commission on the fit and propriety of the directors prior to their appointment or election, as the case may be, on the board of directors of the central depository and shall submit confirmation that it has evaluated the persons against the fit and proper criteria as provided under these regulations and has no adverse findings therein.”*

(6) In regulation 11, sub-regulation (3), clause (g), after the words, *“in respect of the above stated matters”* the following words shall be inserted, *“through periodic meetings and submission of reports as may be required by the Commission”*.

(7) In regulation 11, sub-regulation (5), after the words, *“on quarterly basis to the board of directors”* the following words shall be inserted, *“and the Commission”* and after the words, *“corrective actions taken and their status”*, the following words shall be inserted, *“and shall submit such additional reports to the Commission as may be specified”*.

(8) In Annexure I, section (b), clauses (iii) to (viii) shall be deleted and substituted with the following new clause (iii), namely, -

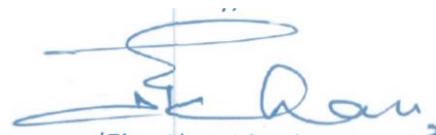
*“(iii) Any other senior management officer must be a qualified professional possessing relevant experience and degree relating to the job/assignment and must have demonstrated, through his qualification and experience, the capacity to successfully undertake the cognate responsibilities of the position.”*

(9) In Annexure I, after clause (viii) of section (b), all provisos shall be deleted and substituted with the following new proviso, namely,-

*“Provided that if a central depository appoints or retains any person as senior management officer who was in the service of a TRE certificate holder or an associated company of such TRE certificate holder during the last six months, reasons for such appointment shall be recorded in writing by the central depository.”*

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[File No. SMD/SE/2(20)/2020]



( Ejaz Alam Khan )  
Secretary to the Commission

**Government of Pakistan**  
**Securities and Exchange Commission of Pakistan**

-.-.-

Islamabad, 11<sup>th</sup> June, 2020

**NOTIFICATION**

**S.R.O. 546 (I)/2020.-** In exercise of the powers conferred by section 169 of the Securities Act, 2015 (III of 2015), the Securities and Exchange Commission of Pakistan hereby makes the following amendments to the Clearing Houses (Licensing and Operations) Regulations, 2016, the same having been previously published in the official Gazette vide S.R.O. No. 293 (I)/2020 dated April 07, 2020 and S.R.O. No. 312 (I)/2020 dated April 15, 2020, and also placed on its website as required under sub-section (4) of section 169 thereof, namely:-

In the aforesaid Regulations, -

- (1) In regulation 9, sub-regulation (1), clause (g) of proviso to Explanation, the word "two" shall be substituted in place of the word "three".
- (2) In regulation 9, sub-regulation (3), clause (a), after the words, "for appointment as independent directors" the following words shall be inserted, "in accordance with the guidelines issued by the Commission".
- (3) In regulation 9, sub-regulation (3), clause (c), the following proviso shall be inserted, namely, -

*"Provided further that where the Commission is not satisfied about the suitability of person(s) proposed again by the clearing house, the Commission shall appoint any such person as deemed appropriate as independent director of the clearing house;"*

- (4) In regulation 9, sub-regulation (4), the following new proviso shall be inserted, namely, -

*"Provided that this condition shall not be applicable in the case of first meeting of the board of directors after the election of directors in which the names of the independent directors are to be finalized for submission to Commission as per sub-regulation 9(3):*

*Provided further that in the first meeting of the board of directors after the election of directors in which the names of the independent directors are to be finalized no other matter shall be decided by the board of directors."*

- (5) In regulation 9, the following new sub-regulation (8) shall be inserted after sub-regulation (7), namely, -

*“(8) The clearing house shall obtain clearance from the Commission on the fit and propriety of the directors prior to their appointment or election, as the case may be, on the board of directors of the clearing house and shall submit confirmation that it has evaluated the persons against the fit and proper criteria as provided under these regulations and has no adverse findings therein.”*

(6) In regulation 11, sub-regulation (3), clause (i), after the words, *“in respect above stated matters”* the following words shall be inserted, *“through periodic meetings and submission of reports as may be required by the Commission”*.

(7) In regulation 11, sub-regulation (7), after the words, *“on quarterly basis to the board of directors”* the following words shall be inserted, *“and the Commission”* and after the words, *“corrective actions taken and their status”*, the following words shall be inserted, *“and shall submit such additional reports to the Commission as may be specified”*.

(8) In Annexure I, section (b), clauses (iii) to (ix) shall be deleted and substituted with the following new clause (iii), namely, -

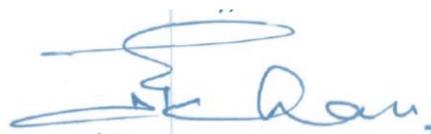
*“(iii) Any other senior management officer must be a qualified professional possessing relevant experience and degree relating to the job/assignment and must have demonstrated, through his qualification and experience, the capacity to successfully undertake the cognate responsibilities of the position.”*

(9) In Annexure I, after clause (ix) of section (b), all provisos shall be deleted and substituted with the following new proviso, namely,-

*“Provided that if a clearing house appoints or retains any person as senior management officer who was in the service of a TRE certificate holder or an associated company of such TRE certificate holder during the last six months, reasons for such appointment shall be recorded in writing by the clearing house.”*

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[File No. SMD/SE/2(20)/2020]



( Ejaz Alam Khan )  
Secretary to the Commission

**Government of Pakistan**  
**Securities and Exchange Commission of Pakistan**

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Islamabad, 11<sup>th</sup> June, 2020

**NOTIFICATION**

**S.R.O. 548 (I)/2020.-** In exercise of the powers conferred by section 169 of the Securities Act, 2015 (III of 2015), the Securities and Exchange Commission of Pakistan hereby makes the following amendments to the Securities Exchanges (Licensing and Operations) Regulations, 2016, the same having been previously published in the official Gazette vide S.R.O. No. 294 (I)/2020 dated April 07, 2020 and S.R.O. No. 313 (I)/2020 dated April 15, 2020, and also placed on its website as required under sub-section (4) of section 169 thereof, namely:-

In the aforesaid Regulations, -

- (1) In regulation 5, the following new clause shall be inserted before clause (a), namely, -

*“(aa) at any given point of time, a director of the securities exchange, other than its chief executive officer, shall not be nominated on more than one board of other self-regulatory organizations, namely a central depository, clearing house or a futures exchange;”*
- (2) In regulation 9, sub-regulation (1), clause (g) of proviso to Explanation, the word “two” shall be substituted in place of the word “three”.
- (3) In regulation 9, sub-regulation (2), the words “than one third of its total” shall be substituted in place of the words “than the shareholder”.
- (4) In regulation 9, sub-regulation (3), clause (a), after the words “for appointment as independent directors” the following words shall be inserted, “in accordance with the guidelines issued by the Commission”.
- (5) In regulation 9, sub-regulation (3), clause (c), the following proviso shall be inserted, namely, -

*“Provided that where the Commission is not satisfied about the suitability of person(s) proposed again by the securities exchange, the Commission shall appoint any such person as deemed appropriate as independent director of the securities exchange;”*
- (6) In regulation 9, sub-regulation (4), the following provisos shall be inserted, namely, -

*“Provided that this condition shall not be applicable in the case of first meeting of the board of directors after the election of directors in which the names of the independent directors are to be finalized for submission to Commission as per sub-regulation 9(3):*

*Provided further that in the first meeting of the board of directors after the election of directors in which the names of the independent directors are to be finalized no other matter shall be decided by the board of directors.”*

- (7) In regulation 9, the following new sub-regulation (9) shall be inserted after sub-regulation (8), namely, -

*“(9) The securities exchange shall obtain clearance from the Commission on the fit and propriety of the directors prior to their appointment or election, as the case may be, on the board of directors of the securities exchange and shall submit confirmation that it has evaluated the persons against the fit and proper criteria as provided under these regulations and has no adverse findings therein.”*

- (8) In regulation 11, sub-regulation (3), clause (j), after the words, *“in respect of the matters in clauses (a) to (i)”* the following words shall be inserted, *“through periodic meetings and submission of reports as may be required by the Commission”*.

- (9) In regulation 11, sub-regulation (7), after the words, *“on quarterly basis to the board of directors”* the following words shall be inserted, *“and the Commission”* and after the words, *“corrective actions taken and their status”*, the following words shall be inserted, *“and shall submit such additional reports to the Commission as may be specified”*.

- (10) In regulation 12, sub-regulation (1) shall be substituted with the following, namely:--

*“(1) A securities exchange shall, with approval of its board of directors, constitute a regulatory affairs committee comprising of majority of independent directors and one shareholder director.”*

- (11) In regulation 12, sub-regulation (2), clause (k) shall be omitted.

- (12) In Annexure I, section (b), clauses (iii) to (viii) shall be deleted and substituted with the following new clause (iii), namely, -

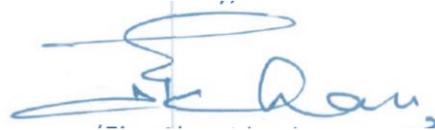
*“(iii) Any other senior management officer must be a qualified professional possessing relevant experience and degree relating to the job/assignment and must have demonstrated, through his qualification and experience, the capacity to successfully undertake the cognate responsibilities of the position.”*

- (13) In Annexure I, after clause (viii) of section (b), all provisos shall be deleted and substituted with the following new proviso, namely,-

*“Provided that if a securities exchange appoints or retains any person as senior management officer who was in the service of a TRE certificate holder or an associated company of such TRE certificate holder during last six months, reasons for such appointment shall be recorded in writing by the securities exchange.”*

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