

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

*Islamabad, the 24<sup>th</sup> March, 2016.*

**NOTIFICATION**

**S.R.O.257(I)/2016.**- The following draft rules for regulating bond pricing agencies, which it is proposed to be made by the Securities and Exchange Commission of Pakistan with the approval of the Federal Government in exercise of the powers conferred by section 175 of the Securities Act, 2015 (III of 2015), are hereby published for the information of all the persons likely to be affected thereby and, as required by sub-section (3) of the said section 175, notice is hereby given that objections or suggestions thereon, if any, may be sent to the Commission within thirty days of the publication of the draft rules in the official Gazette. Objections or suggestions that may be received from any person in respect of the draft rules before the expiry of the said period shall be considered by the Commission and the Federal Government, namely:-

**CHAPTER 1  
PRELIMINARY**

**1. Short title and commencement.** - (1) These rules shall be called the Bond Pricing Agency Rules, 2016.

(2) They shall come into force at once.

**2. Definitions.** - (1) In these rules, unless there is anything repugnant in the subject or context,-

- (a) "Act" means the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);
- (b) "applicant" means any person who makes application for licence of a bond pricing agency under these rules;
- (c) "bond" means any debt security or Government and public debt security as specified in clauses (b) and (c) of sub-section (Iii) of section 2 of the Securities Act;
- (d) "bond pricing agency" means a company that provides daily fair prices for bonds on an independent and objective basis, and is licensed with the Commission in accordance with these rules;
- (e) "Commission" means the Securities and Exchange Commission of Pakistan established under section 3 of the Act;

- (f) "credit rating company" shall have the same meaning as assigned to it in clause (c) of rule 2 of Credit Rating Companies Rules, 1995;
- (g) "financial institution" shall have the same meaning as assigned to it in clause (15A) of sub-section (1) of section 2 of the Companies Ordinance, 1984 (XLVII of 1984);
- (h) "lead investor" means a company which holds at least twenty percent of the paid up capital of the bond pricing agency and takes the lead role in the establishment and management of a bond pricing agency;
- (i) "Ordinance" means the Companies Ordinance, 1984 (XLVII of 1984); and
- (j) "Securities Act" means the Securities Act, 2015 (III of 2015).

(2) Words and expressions used but not defined in these rules shall have the same meaning as have been assigned to them in the Securities Act, 2015 (III of 2015), Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) and the Companies Ordinance, 1984 (XLVII of 1984).

## CHAPTER II LICENSING

**3. Prohibition.** - No person shall carry on a business as a bond pricing agency or hold himself out as carrying on such a business unless licensed by the Commission as a bond pricing agency under these rules.

**4. Permission to apply for licence.** - (1) Any person desirous of forming a bond pricing agency and willing to act as its lead investor shall make an application to the Commission as set out in **Form-A** along with information, as provided in **Annexure I**, along with all the relevant documents as may be required by the Commission and receipt evidencing the payment of non-refundable processing fee as set out in **schedule-I** which may be amended by the Commission from time to time.

(2) The Commission may, if it is satisfied that,-

- (a) the person seeking permission to form a bond pricing agency has the capacity to establish a bond pricing agency;
- (b) the person is in compliance with these rules;
- (c) the sponsors, proposed chief executive officer (CEO) and proposed directors fulfill the fit and proper criteria as provided in Schedule-II;  
and
- (d) it is in the interest of the capital market,

allow by an order in writing such person to incorporate a public company for the purposes of having it licensed as a bond pricing agency under these rules.

(3) The permission granted under sub-rule (2) shall be valid for a period of six months unless extended for a maximum period of three months under special circumstances, on the application of the lead investor made before the expiry of said six months:

Provided that during validity of the permission granted under sub-rule (3), the lead investor shall incorporate a public company under the Ordinance and such company shall, within the above time period, apply for a licence under these rules.

**5. Eligibility criteria for licensing.** - A person may apply to the Commission for a licence under these rules if such person is authorized by its memorandum of association to carry on the business of bond pricing agency and,-

- (a) is incorporated as a public company under the Ordinance and its lead investors have obtained prior permission under rule 4;
- (b) has a paid-up capital of not less than fifty million rupees;
- (c) has a shareholding structure which complies with the following conditions, namely:-
  - (i) the lead investor may hold up to forty percent of the applicant's paid-up capital:

Provided that there shall be at least one and at most three lead investors of the applicant and the combined shareholding of lead investors shall not exceed sixty percent of the applicant's paid-up capital:

Provided further that the lead investor shall not be a financial institution, insurance company or a credit rating company;

- (ii) any other person may directly or indirectly hold up to ten percent of the applicant's paid-up capital;
- (iii) combined shareholding of individuals shall not exceed twenty percent of the applicant's paid-up capital;
- (d) its promoters are, in the opinion of the Commission, persons of means and integrity and have adequate knowledge of matters which the applicant may have to deal with as a bond pricing agency;
- (e) its board of directors is constituted in compliance with the following requirements, namely:-

- (i) it shall have a minimum of seven directors on its board, including the chief executive officer;
- (ii) the executive directors shall not constitute more than one-third of the board;

*Explanation.-* For the purposes of this clause the term "executive directors" means paid executives of the company from among senior management.

- (iii) atleast one-third of the board shall comprise of independent directors;

*Explanation.-* For the purposes of this clause, the term "independent director" means a director who is not connected or does not have any other relationship, whether pecuniary or otherwise with the applicant, its associated companies, subsidiaries, holding company or directors. The test of independence principally emanates from the fact whether such person can be reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest:

Provided that without prejudice to the generality of this explanation no director shall be considered independent if one or more of the following circumstances exist, namely:-

- (A) he has been an employee of the applicant, any of its subsidiaries or holding company within the last three years;
- (B) he is or has been the CEO of subsidiaries, associated company, associated undertaking or holding company in the last three years;
- (C) he has or has had within the last three years a material business relationship with the applicant either directly or indirectly as a partner, major shareholder or director of a body that has such a relationship with the applicant:

*Explanation.-* The major shareholder means a person who, individually or in concert with his family or as part of a group, holds ten percent or more shares having voting rights in the paid-up capital of the company;

- (D) he has received remuneration in the three years preceding his/her appointment as a director or receives additional remuneration, excluding retirement benefits from the applicant apart from a director's fee or has participated in the applicant's share option or a performance-related pay scheme;

- (E) he is a close relative of the applicant's promoters, directors or major shareholders;

*Explanation.*- close relative means spouses, lineal ascendants and descendants and siblings;

- (F) he holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- (G) he has served on the board for more than three consecutive terms from the date of his first appointment, provided that such person shall be deemed "independent director" after a lapse of one term.

Any person nominated as a director under sections 182 and 183 of the Ordinance shall not be taken to be an "independent director" for the above-mentioned purposes.

- (f) its directors, chief executive and key personnel are in compliance with the "fit and proper" criteria as provided in **schedule-II**;
- (g) it has or is expected to have in its full-time employment, before commencement of operations as a bond pricing agency, at least two qualified bond pricing specialists with at least five years of relevant working experience each in either bond trading or in areas related to bond pricing;
- (h) it has procedures in place to ensure that there is clear segregation between operations of the applicant relating to the bond pricing process and the shareholders, directors, management and business aspect of the applicant;
- (i) has technical collaboration or a development consultancy agreement with a foreign counterpart functioning as a recognized or authorized bond pricing agency in such jurisdiction for at least five years by whatsoever name called and the terms of the arrangement with such foreign counterpart should inter alia include assistance in setting up of the applicant as a bond pricing agency, technology sharing or development, training of personnel involved in the bond pricing process, development of pricing methodologies, etc.; and
- (j) it complies with any other conditions as may be notified by the Commission in the official Gazette in the interest of the capital market.

**6. Application and procedure for licensing.** - (1) An application for licence of a bond pricing agency shall be made to the Commission in **Form-I** along with all documents specified in **Annexure A**, affidavit in **Annexure B** and receipt evidencing payment of non-refundable fee of such amount as set out in **schedule-I** which may be amended by the Commission from time to time.

(2) The Commission, while considering the application for licensing, may require the applicant to furnish such further information or clarification regarding its activities and businesses as it deems appropriate.

(3) Any subsequent change in the information provided to the Commission at the time of filing of application under sub-rule (1) shall be intimated to the Commission within five working days from the date of such change.

(4) The applicant shall, if so required, appear before the Commission for a representation through an officer duly authorized for this purpose in writing by the board of directors of the applicant.

**7. Grant of licence.** - (1) The Commission, while considering the application for granting a licence made under sub-rule (1) of rule 6, shall inter alia take into account the following matters, namely:-

- (a) the ability of the applicant to efficiently handle its functions under these rules;
- (b) that the applicant has the capacity to put in place necessary technology, systems, pricing methodologies, essential data, internal procedures, security arrangements and infrastructure including but not limited to adequate office space, equipment, experienced manpower and technical aspects to effectively and efficiently discharge its responsibilities as a bond pricing agency;
- (c) earlier refusal, if any, by the Commission for licensing of the applicant as a bond pricing agency;
- (d) conviction or involvement of its sponsors, directors or employees at the senior management level in an offence involving, fraud or breach of trust or an offence of moral turpitude;
- (e) penal action against the applicant or its directors for an offence under the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Securities Act, the Act, the Ordinance or any other law administered by the Commission;
- (f) any conflict of interest of the lead investor with the bond pricing services; and
- (g) any other matter as deemed necessary by the Commission.

(2) The Commission may grant a licence to the applicant in Form-II on being satisfied that the applicant is-

- (a) eligible for licensing; and

(b) it would be in the interest of capital market so to do.

(3) The licence shall remain valid for a period of three years from the date of licensing unless it is restricted, suspended or cancelled earlier by the Commission.

(4) The Commission may, while granting a licence, impose such conditions on the applicant as it may deem appropriate.

**8. Renewal of licence.** - (1) A bond pricing agency desirous of doing so shall, three months prior to the date of expiry of its licence, apply to the Commission in **Form-III** for renewal of its licence along with non-refundable renewal fee of such amount as set out in **schedule-I** which may be amended by the Commission from time to time and submit such documents as specified in **Annexure C** and affidavit in **Annexure D**.

(2) The Commission upon being satisfied, after making such inquiries and obtaining further information as it deems necessary, that the bond pricing agency continues to meet the requirements for licensing and is eligible for renewal of licence shall renew the licence of bond pricing agency and issue a renewal of licence to the bond pricing agency in **Form-IV**.

(3) Where the application for renewal of licence is made within such time as specified in sub-rule (1) but has not been decided by the Commission, the licence shall continue to be valid until the application for renewal is decided by the Commission.

(4) While granting renewal of licence to the bond pricing agency the Commission may, in addition to the criteria laid down for grant of licence, also take into account the past performance of the bond pricing agency and impose such conditions as it deems appropriate.

**9. Procedure where licence is not granted or renewed.** - (1) The Commission, after giving a reasonable opportunity of being heard to the applicant or the bond pricing agency, as the case may be, may refuse to grant or renew a licence if in the opinion of the Commission such applicant or the bond pricing agency, as the case may be, does not fulfill the requirements prescribed in these rules or where the Commission after taking into account the facts, is of the view that it is not in the public interest or in the interest of the capital market to grant or renew such licence.

(2) The applicant or bond pricing agency, as the case may be, if aggrieved by a decision of the Commission under sub-rule (1) may, within a period of thirty days from the date of receipt of such refusal, apply to the Commission for review of its decision.

(3) On receipt of the application made under sub-rule (2), the Commission may review its decision and communicate its findings, in writing, to the applicant or bond pricing agency, as the case may be, within sixty days.

(4) A bond pricing agency whose application for renewal of licence is refused under sub-rule (1) shall, from the date of receipt of the decision of the Commission, immediately cease its business as bond pricing agency.

(5) The Commission while refusing to grant renewal of licence to a bond pricing agency under these rules may take such measures and issue such directions as it deems necessary or expedient so to do in the public interest or in the interest of the capital market and such directions shall be binding on the bond pricing agency.

(6) The Commission may issue directions to a bond pricing agency, whose application for renewal of licence is refused by the Commission, to complete its pending assignments, if any, and such directions shall be binding on the bond pricing agency.

**CHAPTER III  
DUTIES AND RESPONSIBILITIES OF BOND PRICING AGENCY**

**10. Obligations of a bond pricing agency. - A bond pricing agency shall-**

- (a) at all times comply with the conditions for licensing under rule 5, any conditions imposed by the Commission at the time of granting or renewing the licence, these rules and any directives issued by the Commission;
- (b) maintain development consultancy agreement or technical collaboration with a foreign counterpart mentioned in sub-clause (i) of rule 5 for at least the first three years of operations as a bond pricing agency;
- (c) after completion of the three years period, the bond pricing agency may, with prior approval of the Commission, continue operations without a development consultancy agreement or technical collaboration with a foreign counterpart, provided that it has completed the transfer of technology, training of personnel involved in the bond pricing process, development of pricing methodologies etc. and has developed the capability to handle the bond pricing process without any technical support to the satisfaction of the Commission:

Provided that the Commission may require the bond pricing agency to maintain technical collaboration with a foreign counterpart for such further period and subject to such terms of arrangements as the Commission deems appropriate;

- (d) at all times maintain an indemnity insurance coverage of not less than fifty million rupees to cover the risks from its operations as a bond pricing agency;
- (e) at all times maintain its independence and objectivity in pricing of bonds;



- (f) ensure full independence of its operations from any internal or external influence and there must be clear segregation between operational resources, the management and shareholders of the bond pricing agency;
- (g) not make any changes in or transfer its shareholding without prior approval of the Commission;
- (h) ensure that any amendments in its memorandum of association or articles of association shall be made with prior approval of the Commission;
- (i) at all times comply with the following operational requirements, namely:-
  - (i) it must maintain the bond pricing data and facilities with adequate security, system capacity and contingency arrangements;
  - (ii) it must maintain and preserve full record of its operations including audit trails of its bond pricing, due process and activity for each bond priced during the tenure of the bond and for at least three years after such bond matures or, in case of any eventuality, for such period of time till the issue is resolved; and
  - (iii) it must undertake to disclose, to the extent possible, the broad description and salient features of its pricing methodologies to its customers.
- (j) at all times observe the following during the bond pricing process, namely:-
  - (i) relevant data should be obtained from reliable sources in determining the fair prices of bonds. In particular, the data on transaction price must be obtained directly or indirectly from a centralized trading platform or trade reporting system as approved by the Commission;
  - (ii) where a credit rating company is a shareholder in the bond pricing agency, the bond pricing agency must only use publicly available credit information in arriving at the fair prices for bond issues rated by that credit rating company;
  - (iii) the bond pricing agency must formulate sound and well-established pricing methodologies for bond pricing and apply these methodologies consistently; and

- (iv) the bond pricing agency must endeavor to seek feedback from its subscribers and to conduct external verification by a group of selected financial institutions daily before publishing the daily fair prices for bonds. A bond pricing agency shall retain the discretion to incorporate the feedback in arriving at the final prices for the bond issues.
  
- (k) ensure that, during the first four years from the commencement of its operations as a bond pricing agency, its systems, technology infrastructure, pricing methodologies and pricing for bonds undergo a technical audit every two years, by an independent and competent firm approved by the Commission to interalia verify the adequacy of systems and technology infrastructure, security of information, integrity of the pricing process, accuracy, relevance, price change lag, performance, tracking and errors in the pricings and reports of such audit shall also be provided to the Commission:

Provided that after four years from commencement of operations, the bond pricing agency shall ensure that it undergoes such technical audit every year;

- (l) take immediate steps to rectify shortcomings, if any, identified in such audit referred to in clause (j) and report progress made thereon to the Commission;
  
- (m) review and improve its pricing methodologies on a recurrent basis in line with local and international best practices;
  
- (n) on daily basis, provide fair prices for all such bonds as notified by the Commission;
  
- (o) charge a reasonable amount of fees for its bond pricing services:

Provided that the quantum of fees shall be proportionate to the costs involved in setting up and operating its bond pricing services:

Provided further that the Commission may at any time, for reasons to be recorded in writing, direct the bond pricing agency to revise the fee by such amount as deemed appropriate by the Commission;

- (p) ensure that it obtains prior approval of the Commission before providing any other services and such services shall not be in conflict with its principal role of providing bond pricing services:

Provided that the bond pricing agency must distinguish the fee chargeable on bond pricing services from its other services;

- (q) within one month of commencement of operations as a bond pricing agency, develop and maintain a code of conduct and ethics with prior approval of the Commission, to uphold professionalism and to prevent any potential conflict of interest arising from its operations and such code of conduct and ethics shall be made publicly available and the bond pricing agency must ensure compliance with the same at all times. The code of conduct and ethics may be amended by the bond pricing agency with prior approval of the Commission;
- (r) immediately notify the Commission with relevant information upon occurrence of the following events, namely:-
  - (i) material event or change that affects its operations; and
  - (ii) change of directors on its board;
- (s) be obligated to provide such documents, information or explanation relating to its affairs, as the Commission may require in writing;
- (t) not provide false or misleading information to the Commission;
- (u) develop and support an ongoing market pricing review process that allows users of its pricing to raise an objection about the price quote with supporting information:

Provided that the final decision on the price shall rest with the bond pricing agency, who would be responsible for ensuring that such disputes are resolved by sharing relevant pricing information about a bond with market participants; and

- (v) make adequate disclosures on its website, maintained and updated at all times, which shall interalia include the following, namely:-
  - (i) shareholding structure and information regarding the board of directors and key personnel of the bond pricing agency;
  - (ii) brief description of the pricing methodologies used for pricing of bonds;
  - (iii) sources used in determining the fair prices of bonds;
  - (iv) key features of the development consultancy agreement or technical collaboration, whichever is applicable, with a foreign counterpart;
  - (v) code of conduct and ethics;

- (vi) details of services provided; and
- (vii) any other information as may be required by the Commission.

**11. Appointment of compliance officer.** - (1) The bond pricing agency shall appoint a compliance officer who possesses at least three years of relevant experience and is-

- (a) a member of a recognized body of professional accountants; or
- (b) a certified internal auditor; or
- (c) a certified fraud examiner; or
- (d) a certified internal control auditor.

(2) The compliance officer shall be responsible for monitoring compliance of the bond pricing agency with the Securities Act, these rules, other relevant laws and any directives issued by the Commission from time to time and develop a system for checking on a regular basis that bond prices are calculated in accordance with the pricing methodologies of the bond pricing agency.

(3) The compliance officer shall immediately and independently report to the board of directors any significant non-compliance observed. The board of directors of the bond pricing agency shall be responsible to address such non-compliance.

#### **CHAPTER IV DISCIPLINARY PROCEEDINGS**

**12. Restriction or Suspension of licence, etc.** - (1) Where a bond pricing agency fails to discharge its functions in accordance with these rules or fails to comply with or contravenes any provisions of these rules or any directive issued or order passed by the Commission or otherwise fails to carry on its business in the interest of the capital market, the Commission, after providing opportunity of hearing to the bond pricing agency, may-

- (a) impose a restriction on its activities as bond pricing agency; or
- (b) suspend its licence.

(2) A bond pricing agency whose licence has been suspended shall not carry on a business of bond pricing agency or hold itself out as carrying out such business during the period of suspension and remove the cause of suspension within a period of ninety days from the receipt of the suspension order or such earlier period as provided through the order of suspension.

(3) Notwithstanding anything contained in sub-rule (1), where the Commission is satisfied that delay in the suspension of licence of bond pricing agency will be detrimental to the interest of investors or the public in general, the Commission may immediately suspend the licence till the time an opportunity of hearing is provided to the bond pricing agency and final order is passed:

Provided that where the Commission suspends the licence under sub-rule (3), the opportunity of hearing and final order must be passed within sixty days of such suspension.

(4) The Commission, while imposing restrictions or suspending the licence of the bond pricing agency, may impose such conditions, as it deems appropriate.

**13. Cancellation of licence.** - (1) The Commission, after providing a reasonable opportunity of hearing, may cancel the licence of bond pricing agency if,-

- (a) in the opinion of the Commission, the bond pricing agency has been in violation of restriction imposed under sub-rule (1) of rule 12; or
- (b) it is found guilty of fraud; or
- (c) its licence has been suspended and the cause of suspension has not been removed within ninety days from the receipt of suspension order or such earlier period as provided through the order of suspension; or
- (d) it refuses or fails to pay the penalty, if any, imposed by the Commission; or
- (e) it refuses or fails to apply for renewal of its license within the time provided in rule 8.

(2) The Commission, while cancelling the licence of bond pricing agency, may take such measures and issue such directions as it deems appropriate, in the interest of the market and not inconsistent with the Securities Act and the Ordinance.

(3) The licence of a bond pricing agency shall stand automatically cancelled, if such bond pricing agency-

- (a) voluntarily surrenders its licence to the Commission; or
- (b) is declared insolvent by a court of law; or
- (c) is wound up voluntarily or by an order passed by a court of law;

(4) Upon cancellation of the licence, the bond pricing agency shall with immediate effect cease to perform its functions as a bond pricing agency.

**14. Dissemination of information of cancellation of licence.** - The Commission may, for information of stakeholders, publish press release of its order of cancellation of licence of a bond pricing agency in at least two newspapers of wide circulation in Pakistan.

**15. Power of the Commission to give directions.** - (1) The Commission may, if satisfied that it is necessary or expedient so to do in the public interest or in the interest of the capital market, by order in writing give directions to a bond pricing agency not inconsistent with the Securities Act and the Ordinance.

(2) The Commission may, on representation made to it or on its own motion modify or cancel any direction issued under sub-rule (1), and in so modifying or canceling any direction may impose such conditions as it thinks fit.

**16. Penalty.** - If a bond pricing agency, any of its directors or any other person fails or refuses to comply with, or contravenes any of the provisions of these rules or any direction or order passed by the Commission under these rules or knowingly or willfully authorizes or permits such failure, refusal or contravention, such bond pricing agency, director or person, as the case may be, shall be punishable with a fine as stipulated under section 159 of the Securities Act.

**Schedule-I**  
**[See rule 4, 6 and 8]**  
**FEES**

- (1) Every applicant shall pay fee as specified below:
  - (i) Permission to apply for licensing Fee: Rs.50,000/-
  - (ii) Licensing Fee: Rs.500,000/-
  - (iii) Renewal Fee: Rs.500,000/- (once every three years)
- (2) Fee prescribed at serial number 1(i) above shall be paid by the applicant at the time of filing application under rule 4.
- (3) Fee prescribed at serial number 1(ii) above shall be paid by the applicant at the time of filling application under rule 6.
- (4) Fee prescribed at serial number 1(iii) above shall be paid at the time of filling application under rule 8 for renewal of its licensing under rule 8.
- (4) All the fees indicated above shall be paid through pay order or demand draft or a Bank Challan in favor of the "Securities and Exchange Commission of Pakistan".

## Schedule-II

[See rule 5(f)]

### **Fit and Proper Criteria for Sponsors, Directors, Chief Executive and Key Personnel of the Bond Pricing Agency**

The directors, chief executive and key personnel of the bond pricing agency shall at all times comply with the following criteria, namely:-

#### **(a) Integrity, Honesty and Reputation**

(i) He has not been convicted in any criminal offence or directly involved in any settlement in civil or criminal proceedings in a court of law, particularly with regard to investments, financial or business misconduct, fraud or forgery, breach of trust, financial crime etc. and it has not been concluded by any regulatory authority that he has been associated with any unauthorized financial activity.

(ii) Membership or registration of the person or any company in which he was a director or chief executive officer during the last three years has not been suspended or cancelled by the Commission, any other regulatory authority, any professional body or association etc.

(iii) He has not been disqualified or removed from the post of Chief Executive, Chairman, Director or from any other senior management position of a company by the Commission or any other regulatory authority.

(iv) No investigation or enquiry, conducted under section 29 of the Securities and Exchange Commission of Pakistan Act, 1997, section 139 of the Securities Act, 2015, section 21 of the Securities and Exchange Ordinance, 1969, section 263 or section 265 of the Companies Ordinance, 1984, has been concluded against him by the Commission, with any adverse findings, either in personal capacity or as director or chief executive of a company during the past three years.

(v) An order restraining, prohibiting or debarring him from dealing in securities in the capital market or from accessing the capital market has not been passed or penalty of five hundred thousand rupees or more has not been imposed on him by the Commission in the last three years, in respect of any laws administered by the Commission.

(vi) He has not provided false or misleading information either to the Commission or to any other regulatory authority.

#### **(b) Experience and Qualification**

(i) He has requisite management or business experience required for the concerned position.

(ii) He holds professional qualification and at least graduation from a university duly recognized by the Higher Education Commission of Pakistan or foreign qualification of equivalent level.



**(c) Solvency and Financial Integrity**

(i) He has not been adjudged as insolvent or suspended payment of debts or has compounded with his creditors.

(ii) He has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a financial institution including banking company, a Development Financial Institution or a Non-Banking Financial Institution.

(iii) His name is borne on the Register of National Tax Payers.

**Note.-** "Senior management position" wherever referred to in these criteria includes-

- (a) Any executive, including the chief executive or any officer acting as second to chief executive officer including chief operating officer or by whatever name called;
- (b) chief financial officer, head of accounts or head of finance;
- (c) head of internal audit;
- (d) head of credit or risk management;
- (e) head of operations;
- (f) head of treasury or chief investment officer;
- (g) head of law or company secretary;
- (h) compliance officer; and
- (i) any other position, by whatsoever name called, which may be specified by the Commission as a senior management position.

**FORM-A**

**[See rule 4 (1)]**

**FORM FOR PERMISSION TO APPLY FOR  
LICENCE OF A BOND PRICING AGENCY**

The Securities and Exchange Commission of Pakistan,  
Islamabad.

Dear Sir,

I/We hereby apply for permission under rule 4 of the Bond Pricing Agency Rules, 2016 to apply for licence of a bond pricing agency under the Bond Pricing Agency Rules, 2016 under the name and style of \_\_\_\_\_.

2. Original receipt of the treasury/bank for the fee of Rs. \_\_\_\_\_ being the processing fee is enclosed.

3. Necessary information and documents as required in the Annexure to this form are duly verified and signed by all promoters and proposed directors along with an affidavit by them as to the correctness of details is submitted. I/We undertake to keep the information up to date at all times and any change thereof shall be communicated to the Securities and Exchange Commission of Pakistan.

Yours faithfully,

Name of Lead Investor

Signature of authorized Person

**Annexure 'I' to Form-A**  
**[See rule 4(1)]**

Information to be provided with form of application for permission to apply for licence of a Bond Pricing Agency.

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b> <i>(Attach requisite information where applicable)</i>				
1.	(i) Name, business address, national tax number and the nature of present business of the proposed lead investor(s). (ii) Particulars containing financials, business details and experience of the lead investor(s).	.....				
2.	Names and addresses of proposed directors, proposed Chairman and proposed Chief Executive Officer.	.....				
3.	Names and addresses of companies, firms and other organizations of which the aforesaid proposed chief executive and proposed chairman are or have been directors, partners or office holders during the last ten years.	.....				
4.	Proposed shareholding structure <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th align="center">Name of shareholder</th> <th align="center">Percentage of Shareholding</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Name of shareholder	Percentage of Shareholding			.....
Name of shareholder	Percentage of Shareholding					
5.	<b>Financials:</b> (i) proposed authorised capital (ii) proposed paid-up capital (iii) proposed equity (iv) 5 years projections of financial statements	.....				
6.	Previous experience of the lead investor(s)/proposed directors with bond pricing or related services.	.....				
7.	Previous experience of the proposed chief executive officer.	.....				
8.	Details of proposed development consultancy agreement or technical collaboration with a foreign counterpart functioning as a bond pricing agency in such jurisdiction by whatsoever name called and a draft of such an agreement and documentary evidence in respect thereof.	.....				
9.	Other services proposed to be offered along with details.	.....				
10.	Names, addresses, qualification and experience of proposed bond pricing specialists.	.....				

11.	Details of essential systems, pricing methodologies, technical expertise, data, industry feedback, external verification, internal procedures, security arrangements, contingency plans etc. proposed to be put in place by the bond pricing agency.	.....
12.	Whether any of the proposed lead investor(s) or proposed directors has been convicted of fraud or breach of trust.	.....
13.	Whether any of the proposed lead investor(s) or proposed directors has been adjudicated as insolvent.	.....
14.	Any other relevant information to support the application.	.....

Note :- An affidavit shall, from each lead investor and director in respect of statement at serial Nos. 12 and 13, be submitted.

**FORM-I**  
**[See rule 6 (1)]**  
**FORM OF APPLICATION FOR LICENSING**  
**AS A BOND PRICING AGENCY**

The Securities and Exchange Commission of Pakistan,  
Islamabad.

Dear Sir,

I/We hereby apply for licensing of (Name of bond pricing agency) under rule 6 of the Bond Pricing Agency Rules, 2016.

2. A copy of the Memorandum and the Articles of Association is enclosed.

3. Original receipt of the treasury/bank for the fee of Rs. \_\_\_\_\_ being the licensing fee is enclosed.

4. Necessary information required in the Annexure 'A' and declaration on affidavit in Annexure 'B' to this Form are furnished. I/We undertake to keep the information up to date at all times and any change thereof shall be communicated to the Securities and Exchange Commission of Pakistan.

Yours faithfully,

Signature of the Chief Executive

**Annexure 'A' To Form-I**  
**[See rule 6 (1)]**

Information to be provided with form of application for licensing as a Bond Pricing Agency.

<b>Sr. No.</b>	<b>Particulars</b>	<b>Details</b> <i>(Attach requisite information where applicable)</i>				
1.	Name, address, telephone & fax number(s) and website address of the applicant.	.....				
2.	Date and place of incorporation.	.....				
3.	(a) Names and addresses of shareholders, and directors. (b) Indicate independent or non-independent status of directors as well as Chairman of the Board. Also indicate if any director has executive status. (c) Particulars containing financials, business details and experience of the promoters.	.....				
4.	Shareholding structure (as at submission date) <table border="1" data-bbox="268 931 831 1010"> <thead> <tr> <th data-bbox="268 931 523 1010">Name of shareholder</th> <th data-bbox="523 931 831 1010">Percentage of Shareholding</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Name of shareholder	Percentage of Shareholding			.....
Name of shareholder	Percentage of Shareholding					
5.	(1) <u>Financials</u> : (a) authorised capital (b) paid-up capital (c) equity (d) 5 year projections of financial statements (2) Latest annual report and accounts	.....				
6.	Previous experience of the shareholders/directors with bond pricing or related services.	.....				
7.	Previous experience of senior management officers.	.....				
8.	Details of development consultancy agreement or technical collaboration with a foreign counterpart functioning as a bond pricing agency in such jurisdiction by whatsoever name called and a copy of such an agreement and documentary evidence in respect thereof.	.....				
9.	Other services proposed to be offered along with details.	.....				
10.	Names, addresses, qualification and experience of bond pricing specialists.	.....				

11.	Details of essential systems, pricing methodologies, technical expertise, data, industry feedback, external verification, internal procedures, security arrangements, contingency plans etc. in place to function as a bond pricing agency.	.....
12.	Copy of procedures which ensure that there is clear segregation between operations of the applicant relating to the bond pricing process and the shareholders, directors, management and business aspect of the applicant.	.....
13.	Whether any shareholder or director has been convicted of fraud or breach of trust.	.....
14.	Whether any shareholder or director has been adjudicated as insolvent.	.....
15.	Names, addresses, designations, qualifications and experience details of senior management officers.	.....
16.	Whether any officer or employee has been convicted of fraud or breach of trust.	.....
17.	Whether any senior management officer has been adjudicated as insolvent or has suspended payment or has compounded with his creditors.	.....
18.	Details of fee structure and basis of calculations.	
19.	Any other relevant information to support the application.	

Note :- (i) An affidavit shall, from each shareholder/director and officer in respect of statement at serial Nos. 13 and 14, be submitted.

(ii) Certification by the proposed chief executive of the company in respect of statement at serial Nos. 16 and 17 shall be submitted.

**AFFIDAVIT**  
**Before the Securities and Exchange Commission of Pakistan**

**(On Stamp Paper of Appropriate Value)**

**DECLARATION PURSUANT TO THE APPLICATION FOR LICENSING AS A BOND PRICING AGENCY**

1. I/We declare to the best of my/our knowledge that there is no false or misleading statement contained in or material omission from the information that is provided to the Securities and Exchange Commission of Pakistan in relation to the above application.
2. I/We declare that I am/we are satisfied after having made all reasonable enquiries that:
  - (a) this application is in full compliance with the Bond Pricing Agency Rules, 2016; and
  - (b) I/we have not been convicted or charged with any offence under the laws administered by the Securities and Exchange Commission of Pakistan or other laws involving fraud or dishonesty in a court of law, for the last 10 years prior to this submission.
3. I/We declare that I/we will ensure continuous compliance with the requirements stipulated in the Bond Pricing Agency Rules, 2016 and to the conditions as may be imposed by the Securities and Exchange Commission of Pakistan in relation to this application.
4. I/We undertake to provide to the Securities and Exchange Commission of Pakistan all such information as the Securities and Exchange Commission of Pakistan may require in relation to this application.
5. The above declaration has been signed by me/us as (designation of director(s)) of the company pursuant to the authority granted to me/us by a resolution of the Board of Directors on (date of resolution).

Yours faithfully,

\_\_\_\_\_  
Name:  
Name of Company:

Date: (Date of Application)



FORM-II  
[See rule 7(2)]

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

LICENCE  
BOND PRICING AGENCY

The Securities and Exchange Commission of Pakistan, having considered the application made for licence under rule 6 of the Bond Pricing Agency Rules, 2016 by (Name of the Company) and being satisfied that the said company is eligible for licensing and that it would be in public interest and in the interest of the capital market so to do, hereby grants, in exercise of the powers conferred by rule 7 of the Bond Pricing Agency Rules, 2016 licence to \_\_\_\_\_ subject to the conditions prescribed under the Bond Pricing Agency Rules, 2016 or as may be specified or imposed hereafter by the Commission.

2. The licence number of the bond pricing agency is \_\_\_\_\_.

3. This licence is valid up to \_\_\_\_\_.

Dated: \_\_\_\_\_

Place: ISLAMABAD

By order

Sd/-

For and on behalf of

THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

**FORM-III**  
**[See rule 8(1)]**

**FORM OF APPLICATION FOR RENEWAL OF LICENCE  
AS A BOND PRICING AGENCY**

The Securities and Exchange Commission of Pakistan,  
Islamabad.

Dear Sir,

I/We hereby apply for the renewal of the licence of (Name of the bond pricing agency)  
under rule 8 of the Bond Pricing Agency Rules, 2016.

2. The licence is due to expire on \_\_\_\_\_.

3. Original receipt of the treasury/bank for the fee of Rs. \_\_\_\_\_ being  
the renewal fee is enclosed.

4. Necessary information required in the Annexure 'C' and declaration on affidavit in  
Annexure 'D' to this Form are furnished.

5. It is requested that the licence be renewed.

Yours faithfully,

Signature of the Chief Executive

**Annexure 'C' To Form-III**  
**[See rule 8(1)]**

Information to be provided with form of application for renewal of licence as a Bond Pricing Agency.

Sr. No.	Particulars	Details <i>(Attach requisite information where applicable)</i>				
1.	Name, address, telephone & fax number(s) and website address of the bond pricing agency.	.....				
2.	Date and place of incorporation.	.....				
3.	(a) Names and addresses of shareholders, and directors. (b) Indicate independent or non-independent status of directors as well as Chairman of the Board. Also indicate if any director has executive status. (c) Particulars containing financials, business details and experience of the promoters.	.....				
4.	Shareholding structure (as at submission date) <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th align="center">Name of shareholder</th> <th align="center">Percentage of Shareholding</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> </tr> </tbody> </table>	Name of shareholder	Percentage of Shareholding			.....
Name of shareholder	Percentage of Shareholding					
5.	(1) Financials: (a) authorised capital (b) paid-up capital (c) equity (2) Latest annual report and accounts	.....				
6.	Previous experience of the shareholders/directors with bond pricing or related services.	.....				
7.	Previous experience of senior management officers.	.....				
8.	Details of technical collaboration/development consultancy agreement with a foreign counterpart functioning as a bond pricing agency in such jurisdiction by whatsoever name called and a copy of such an agreement and documentary evidence in respect thereof.	.....				
9.	Other services proposed to be offered along with details.	.....				
10.	Names, addresses, qualification and experience of bond pricing specialists.	.....				

11.	Details of essential systems, pricing methodologies, technical expertise, data, industry feedback, external verification, internal procedures, security arrangements, contingency plans etc. in place to function as a bond pricing agency.	.....
12.	Copy of procedures which ensure that there is clear segregation between operations of the company relating to the bond pricing process and the shareholders, directors, management and business aspect of the company.	.....
13.	Whether any director has been convicted of fraud or breach of trust.	.....
14.	Whether any director has been adjudicated as insolvent.	.....
15.	Names, addresses, designations, qualifications and experience details of senior management officers.	.....
16.	Whether any officer or employee has been convicted of fraud or breach of trust.	.....
17.	Whether any senior management officer has been adjudicated as insolvent or has suspended payment or has compounded with his creditors.	.....
18.	Details of fee structure and basis of calculations.	
19.	Any other relevant information to support the application.	

Note :- (i) An affidavit shall, from each shareholder/director and officer in respect of statement at serial Nos. 13 and 14, be submitted.

(ii) Certification by the proposed chief executive of the company in respect of statement at serial Nos. 16 and 17 shall be submitted.

**AFFIDAVIT**  
**Before the Securities and Exchange Commission of Pakistan**

**(On Stamp Paper of Appropriate Value)**

**DECLARATION PURSUANT TO THE APPLICATION FOR RENEWAL OF LICENCE AS A BOND PRICING AGENCY**

1. I/We declare to the best of my/our knowledge that there is no false or misleading statement contained in or material omission from, the information that is provided to the Securities and Exchange Commission of Pakistan in relation to the above application.
2. I/We declare that I am/we are satisfied after having made all reasonable enquiries that:
  - (a) this application is in full compliance with the Bond Pricing Agency Rules, 2015; and
  - (b) I/we have not been convicted or charged with any offence under the laws administered by the Securities and Exchange Commission of Pakistan or other laws involving fraud or dishonesty in a court of law, for the last 10 years prior to this submission.
3. I/We declare that I/we will ensure continuous compliance with the requirements stipulated in the Bond Pricing Agency Rules, 2015 and to the conditions as may be imposed by the Securities and Exchange Commission of Pakistan in relation to this application.
4. I/We undertake to provide to the Securities and Exchange Commission of Pakistan all such information as the Securities and Exchange Commission of Pakistan may require in relation to this application.
5. The above declaration has been signed by me/us as (designation of director(s)) of the company pursuant to the authority granted to me/us by a resolution of the Board of Directors on (date of resolution).

Yours faithfully,

\_\_\_\_\_  
Name:

Name of Company:

Date: (Date of Application)

FORM-IV  
[See rule 8(2)]

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

RENEWAL OF LICENCE  
BOND PRICING AGENCY

The Securities and Exchange Commission of Pakistan having considered the application for renewal of licence under rule 8 of the Bond Pricing Agency Rules, 2016 by (Name of the bond pricing agency) and being satisfied that it would be in public interest and in the interest of the capital market to renew the licence of (Name of the bond pricing agency) hereby grants, in exercise of the powers conferred by rule 8 of the Bond Pricing Agency Rules, 2016, renewal of licensing to the said company subject to the conditions prescribed under the Bond Pricing Agency Rules, 2016 or as may be specified or imposed hereafter by the Commission.

2. This licence is valid up to \_\_\_\_\_.

Dated: \_\_\_\_\_

Place: ISLAMABAD

By order

Sd/-

For and on behalf of

THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN



(Bushra Aslam)  
Secretary to the Commission