

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 19th June, 2023

NOTIFICATION

S.R.O. 770 (I)/2023.- The following draft amendments to the Futures Exchanges (Licensing and Operations) Regulations 2017, proposed to be made by the Securities and Exchange Commission of Pakistan in exercise of powers conferred by section 114 of the Futures Market Act, 2016 (XIV of 2016) are hereby published for information of all persons likely to be affected thereby and notice is hereby given that comments, if any, received by the Commission within fourteen days from the date of placement of the draft amendments on the website of the Commission will be taken in to consideration, namely:-

DRAFT AMENDMENTS

In the aforesaid Regulations, -

(1) in regulation 19, sub-regulation (5) shall be deleted;

(2) in regulation 22, -

(i) for clause (i), the following shall be substituted, namely: -

“(i) open and maintain one or more designated bank accounts with a scheduled bank in Pakistan, for deposit of money belonging to futures brokers and their customers and the money shall either be deposited in the designated bank account or be invested in Treasury Bills or Sukuks with original maturities of 1 year or less, issued by the Government of Pakistan, in such forms and manner as may be specified by the futures exchange;”;

(ii) for clause (iv), the following shall be substituted, namely: -

“(iv) keep records of all amounts deposited into and paid from the designated bank account(s), invested in and divested from the Treasury Bills or the Sukuks in terms of clause (i), on behalf of each futures broker and customer along with record of return/profit on such amounts;” and

(iii) for the clause (vi) and the proviso, the following shall be substituted, namely:

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“(vi) if funds of futures broker or their customers are held in a profit-bearing bank account or invested in terms of clause (i), pass on profit earned on these funds to the futures broker and their customers in proportion to their unutilized balance unless specified otherwise in writing by the futures broker or customer, after making contribution

to the settlement guarantee fund at the rate approved by the Commission and deducting a service fee at a rate not exceeding the rate approved by the Commission:

Provided that before deducting the service fee, the futures exchange currently utilizing any portion of profits on funds of futures brokers or their customers for any other purpose other than permitted under this Regulation shall gradually phase-out utilization of such an amount in equal proportion till June 30, 2025.”;

- (3) in Annexure I, under Fit and Proper Criteria, in Para (b) – “Educational Qualification and Experience,” after clause (vii), the following new clause (viii) shall be inserted namely: -

“(viii) In case of promoters of a futures exchange, such person should have an established and proven track record of successfully running a business enterprise for at least 10 years.”; and

- (4) in Annexure III,

- (i) in the heading, for the expression “17(8)”, the expression “19(8)” shall be substituted and thereafter for the expression “17(9)”, the expression “19(9)” shall be substituted;
- (ii) in clause (1), in sub-clause (i), for the expression 5(g), the expression “5(2)(i)” shall be substituted;
- (iii) in clause (2), in sub-clause (v), the word “and” shall be deleted;
- (iv) in clause (2), in sub-clause (vi), for the full stop, a semicolon shall be substituted and thereafter, the word “and” shall be inserted;
- (v) in clause (2), after sub-clause (vi), amended as aforesaid, the following new clause shall be inserted, namely: -

“(vii) assess that the scope, resources including human resource, procedures and reporting mechanism of the regulatory function including entity level compliance were adequate and effective to ensure compliance with relevant legal requirements and detect and report any non-compliance in a timely manner.”.