

Government of Pakistan
Securities and Exchange Commission of Pakistan

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Islamabad, 11th June, 2020

NOTIFICATION

S.R.O. (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.

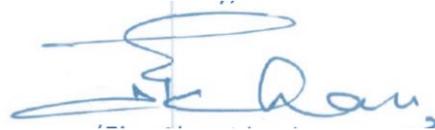
- (12) In Annexure I, section (b), clauses (iii) to (viii) shall be deleted and substituted with the following new clause (iii), namely, -

“(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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