

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 26th April, 2018

NOTIFICATION

S.R.O. 528 (I)/2018.- In exercise of the powers conferred by section 10 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) the Securities and Exchange Commission of Pakistan, in partial modifications of its previous notification No. S.R.O. 123(I)/2017 dated February 27, 2017 and notification No. S.R.O. 425(I)/2017 dated June 6, 2017, subject to such conditions and limitations as it may from time to time impose, hereby delegates the following powers and functions of the Commission to its Commissioner and officers of Securities Market Division, namely:-

1. Powers of the Commission delegated to Commissioner (SMD)

<u>S. No.</u>	<u>Relevant regulation of the Securities and Futures Advisers (Licensing and Operations) Regulations, 2017</u>	<u>Nature of power/function</u>
1.	4 (2)(d)	Approve for change in sponsor
2.	5(4)	Require the applicant to appear for representation.
3.	6 proviso	Issue clarification in respect of treatment of any item of assets and/or liabilities for the purpose of calculating the net worth of a securities/futures adviser.
4.	7(2)	Grant license to the applicant after conducting such inquiries and obtaining such further information as deemed appropriate
5.	9(1)	Give a reasonable opportunity of being heard to the applicant, where license is not to be granted.
6.	9(3)	Extend time for intimation and settlement of all dues by the applicant whose application for renewal of licence is refused.
7.	9(4)	Publish decision of refusal to grant licence.
8.	10(2)	Cancel the licence upon receipt of application.
9.	10(3)	Cancel the licence under the circumstances given in this regulation
10.	11(2)	Specify the time-period within which the securities adviser or futures adviser shall provide a copy of any advertisement to the Commission.
11.	21	Issue Direction for preparation of financial statements in conformity with the accounting standards.
12.	24(1)	Require a securities/futures adviser to submit to the Commission such periodic returns as it may direct.

13.	24(2)	Require securities/futures adviser, either generally or in a particular case or class of cases, to submit to the Commission such exceptional returns as it may direct.
14.	Annexure A: clause (b) (1)(c)	Extended time for obtaining relevant mandatory certification, in case of CEO of securities advisor
15.	Annexure A clause (b) (2)(c)	Extended time for obtaining relevant mandatory certification, in case of CEO of future advisor
16.	Annexure A clause (3)(c)	Extended time for obtaining relevant mandatory certification, in case CEO of distributor of CIS and/or VPF united
17.	Annexure A clause (3)(c)2 nd proviso	Specify the nature of certification to be obtained by employees of the securities or future advisors
18.	Annexure A: Note	Decide in case of any ambiguity in determination of fitness and propriety of a person in terms of the Fit and Proper Criteria.
19.	Clause 4.8 of Annexure B of the regulations	Require the applicant to submit additional information and documents along-with application for license as a securities/futures adviser.

<u>S.No.</u>	<u>Relevant regulation of the Securities Brokers (Licensing) and Operations) Regulations, 2016</u>	<u>Nature of power/function</u>
	Chapter II Licensing Requirements For Securities Broker	
1.	4(c)	To approve the change in sponsors of the Securities Broker.
2.	4(k)	To specify the number of personnel/employees of securities broker having mandatory certification.
3.	4(k) proviso	To grant additional time for compliance with the requirements of regulation 4 on a case-to-case basis.
4.	5(6)	To require the applicant to appear for a representation.
5.	6(2)	To suspend license of a securities broker without prejudice to any other disciplinary action under the Act and regulations, in case a securities broker fails to meet the minimum paid-up capital and/or net-worth requirements as specified in sub-regulation 6(1).
6.	6(3)	To specify minimum liquid capital as per such amounts and/or ratios and after such period of time to be maintained by a securities broker.
7.	6(6)	To identify non-submission and/or shortfall in the net capital balance and/or liquid capital of a securities broker.

8.	6(7)proviso	To issue clarification in respect of treatment of any item of assets and/or liabilities for the purpose of calculating the net worth of a securities broker.
9.	8(2)	To grant license to the applicant after conducting such inquiries and obtaining such further information as deems appropriate and communicate this to the securities exchange, clearing house and central depository.
10.	10	Procedure to be followed, where license is not granted or renewed.
11.	11	Cancellation of license.
Chapter III -Conduct of A Securities Broker		
12.	16(1) (q)	To prescribe the requirements for maintaining a functional and accessible website
13.	16(12) (a)	To specify requirements for customers' assets segregation to be observed by broker licensed under these Regulations
14.	16 (12) (b)	To prescribe frequency and formats for returns and statements in relation to segregation of customers' assets including reconciliations of customer assets to be submitted by broker licensed under these Regulations
15.	16(12) (c)	To specify the manner for periodic audit of the statements, returns and reconciliations of customer assets.
16.	16(13)	To impose conditions to be followed by securities broker licensed under these Regulations, in addition to the requirements provided under the Act and any other rules or regulations made thereunder.
17.	23 (6) (c)	To specify the particulars of record to be kept by securities broker for segregation of customer money.
18.	27(2)	To specify time period for redressing of customers' grievances a by securities broker.
19	31(1)	To prohibit or restrict securities brokers from engaging in short selling in a particular security.
Chapter IV - Accounting and Audit		
20.	34(1)	To specify the accounting standards to be followed by a securities broker while preparing financial statements for each quarter, half year and for each financial year.
21.	35(8) Proviso	To approve appointment of an Auditor.
22.	36(1)	To require a securities broker to submit to the Commission such information as it may require.
23.	36(2)	To require securities broker, either generally or in a particular case or class of case, to submit to the Commission information or exceptional returns, in

		addition to any periodic returns required under sub regulation (1).
Annexure and Schedules of the regulations		
24.	Clause 8 of Schedule II of the regulations	To specify current assets and determine basis of their valuation in relation to securities broker for computation of Net Capital Balance Certificate.
25.	Note to Schedule II of the Regulations	To issue guidelines for calculating the Net Capital Balance.
26.	Note to Schedule III of the Regulations	To issue guidelines and clarifications in respect of the treatment of any component of Liquid Capital including any modification, deletion and inclusion in the calculation of Adjusted value of assets and liabilities to address any practical difficulty.

2. Powers of the Commission delegated to Executive Director/Head of Department (Licensing and Regulatory Approvals Department)

<u>S. No.</u>	<u>Relevant section of the Securities Act 2015 (III of 2015)</u>	<u>Nature of power/function</u>
1.	5(3)	To require an applicant to further information in relation to the application.
2.	24 (3)	To require an applicant to provide further information in relation to the application.
3.	25 (5)	To require the clearing house to disclose information in its possession concerning its clearing members and their customers.
4.	49 (3)	To require an applicant to provide further information in relation to the application
5.	87(8)	To forfeit any or all the money paid or payable in respect of an offering application under sub-section (7) after providing an opportunity of hearing.

<u>S. No</u>	<u>Relevant part and section of the Futures Market Act 2016 (Act No XIV of 2016)</u>	<u>Nature of power/function</u>
1.	5(3)	To require an applicant to provide further information in relation to the application.
2.	24 (3)	To require an applicant to provide the Commission in relation to the application.

<u>S. No.</u>	<u>Relevant regulation of the Securities and Futures Advisers</u>	<u>Nature of power/function</u>
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	<u>(Licensing and Operations) Regulations, 2017</u>	
1.	5(3)	Require applicant to furnish further information or clarification as deems appropriate, while considering application for license.
2.	7(2)	Seek additional information from other government agencies.
3.	8	Renew the license of securities/futures adviser for one year
4.	18(1)(t)	Require the securities/futures adviser to submit any document, report or information as and when required
5.	Clause 12 of Annexure C of the Regulations	Require the securities/futures adviser to provide information and documents along-with application for renewal of license.

<u>S. No.</u>	<u>Relevant regulation of the Securities Brokers (Licensing and Operations) Regulations, 2016</u>	<u>Nature of power/function</u>
1.	5(5)	To require applicant to furnish further information or clarification as deems appropriate, while considering application for license.
2.	9	To Renew the license for one year
3.	Clause 4.13 of Annexure A of the regulations	To require the applicant to submit additional information and documents along-with application for license as a securities broker. for renewal

<u>S. No.</u>	<u>Circular No. 20 of 2017</u>	<u>Nature of power/function</u>
1.	1(d)(vii)	Prior approval for repayment of subordinated loan

The powers and functions of the Commission provided in Rules and Regulations made under Securities Act, 2015 (III of 2015), which are not delegated to any of the officer of SMD are stand delegated to Commissioner (SMD).

In case, the posts of Executive Director/Director/Head of Department in the Division/department is vacant, or he/she is unavailable or unable to perform his/her functions, the powers and functions delegated to him/her through this notification shall stand delegated to the Commissioner (SMD).

No. 1(1)DEG-L&RAD/ SMD /2018


 (Bilal Rasul)
 Secretary to the Commission