Press Release
September 1, 2015
For immediate release

SECP approves new inspection regime for brokers

ISLAMABAD, September 1: The Securities and Exchange Commission of Pakistan (SECP) will implement a new inspection regime in October to remove bottlenecks and duplication of efforts of regulators while conducting inspections. Inspections are an effective tool worldwide to ascertain compliance status and early warnings with regard to regulatory compliance, the ultimate objective of being ascertain clients' assets protection.

In the Pakistani capital market, stock brokers have been subject to different types of inspections by the SECP, Central Depository Company and system audit by stock exchanges. This results in not only in duplication of effort but also creates difficulties for brokers who are constantly engaged with the inspection teams and the auditors. Further, the linkages between the trading, CDC and financial/back office records may not be appropriately investigated during onsite inspections due to different scopes of inspections of CDC and system audit by stock exchanges.

In view of the above, there was a great need to put a mechanism in place for a single inspection regime to ascertain compliance with all the regulatory requirements giving top most priority to investors' assets protection and conduct regular inspections using risk based approach for selection of brokers with comprehensive scope and sufficient frequency.

In this regard Joint Inspection Regulations, with consultation and consent of all respective SROs is being introduced by the SECP whereby inspections will be conducted by joint teams of respective stock exchange, CDC and NCCPL. An oversight committee comprising of members from each SRO will be constituted by the SECP to provide overall supervision and direction for conducting joint inspections.

Securities and Exchange Commission of Pakistan
NICL Building, 63 Jinnah Avenue, Islamabad
Email: gondal.sajid@gmail.com

The draft regulations on joint Inspections are approved under the 2015 Securities Act, and are available on the SECP website for public comments. The regime is expected to be implemented in October 2015.

Securities and Exchange Commission of Pakistan
NICL Building, 63 Jinnah Avenue, Islamabad
Email: gondal.sajid@gmail.com