

SECURITIES & EXCHANGE POLICY BOARD
(POLICY BOARD'S SECRETARIAT)

PRESS RELEASE

For immediate release

September 17, 2019

Securities & Exchange Policy Board Approves Amendments in Exchange Traded Funds Regulations and other Regulations

ISLAMABAD, September 17, 2019: The Securities and Exchange Policy Board met in Islamabad at the SECP Headquarters under the Chairmanship of Professor Khalid Mirza.

The Policy Board welcomed the new Chairman, SECP, Mr. Aamir Khan and accredited his joining to the improvement in the stock market and development of new initiatives. The Policy Board reviewed the implementation of its decisions of previous meetings and was satisfied with the overall workings of the Commission. The Chairman and the Board commended Mr. Aamir Khan for ensuring that the decisions have been implemented in an expeditious and progressive manner.

In order to facilitate launch of ETFs, the Policy Board, amongst several other recommendations of the Regulations Committee of the Board, approved amendments in the Exchange Traded Funds Regulations which have been revamped to add flexibility for fund managers to appoint separate intermediaries for performing the functions of market maker and authorized participant. This shall enable fund managers for onboarding market makers easily which are now subject to rationalized regulations that aim to reduce cumbersome requirements and decrease the cost of doing business for market makers. In addition to regulatory changes, system level modifications have also been made to enable market makers for performing their functions seamlessly with minimum inventory. The approved regulatory amendments aim to provide maximum facilitation to fund managers and market makers through streamlined regulatory requirements based on international benchmarks.

Other approvals of the Policy Board include: (i) Amendments in Futures Brokers (Licensing & Operations) Regulations, 2018 which provide relaxation in education requirement of CEO, elimination of the requirement of NCB, deletion of the requirement of wealth statement, and reduction in frequency of reports by compliance officer, (ii) Amendments in the Securities Brokers (Licensing & Operations) Regulations 2016 extending the timeline for complying with financial resource requirements till December 2019, and deletion of requirement to submit

certificate of commencement of business, (iii) Amendments in CDC Regulations - Reforms in CDC Regulatory Framework for ease of doing business by direct credit of securities in the CDS issued by way of right issue of public unlisted and private companies; relaxation in appointment of independent Transfer Agent by private and single member companies, and (iv) PSX to act as the sole frontline regulator and may draw upon the assistance of NCCPL and CDC to outsource the compliance function of PSX, to the extent of supervision or conducting any investigation, inspection or enquiry and monitoring compliance of securities brokers.

The Policy Board was also given a presentation by the Commission pertaining to the implementation of the FATF Recommendations including instances of penalties imposed in various cases. The Policy Board directed that the FATF guidelines should be followed but the focus should remain on the areas that are critical to curb the menace of financing of terrorism/money laundering and we should take care not to affect business activity.

The Securities and Exchange Policy Board, in pursuance of Section 12 of the Act 1997, comprises ex-officio members of the Ministries of Finance, Commerce, and Law, SBP, SECP and persons of eminence from the private sector.