



SECP

SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN

Checklist for Formation (NOC), Grant & Renewal of License: Futures Broker

Section I: Permission for Formation of a Futures Broker

This section outlines the step-by-step documentation and compliance requirements for obtaining permission to form a Futures Broker Company under Futures Brokers (Licensing and Operations) Regulations, 2018.

CHECKLIST FOR PERMISSION

Sr.	Checklist Item	Submission (Yes/No/NA) Page no. of Application
1.	A person desirous of forming a futures broker company will reserve its name using the SECP eZfile portal.	
2.	Applicant shall proceed with seeking a permission to form a futures broker company through an application to Licensing Department.	
3.	Application to be submitted in FORM A-1 of Futures Brokers (Licensing and Operations) Regulations, 2018, (Annexure A of this document) .	
4.	Percentage of capital, each sponsor proposes to contribute in the proposed company.	
5.	Feasibility report of the proposed company	
6.	Draft of Memorandum of Association and Articles of Association (MoA and AoA).	
7.	Names of the bankers of the sponsors' along with their account numbers.	
8.	Affidavit regarding authenticity, correctness of the information and documents and fitness and propriety of the directors and the CEO submitted to the Commission (Annexure-B of this document) <ul style="list-style-type: none"> • Issued on the name of the declarant • Properly witnessed with submission of the CNIC's of the witnesses • Duly stamped by oath Commissioner 	
9.	Detailed Business Plan of the Futures Broker including but not limited to: <ul style="list-style-type: none"> i. Cash flow projections for at least 3 years ii. Strategic forecasts, capital and manpower budgets, overhead budgets, and variance analyses. iii. Potential Target Market iv. Proposed Infrastructure v. Projected income statement and balance sheet 	
10.	Net-worth certificate of each sponsor supported by duly authenticated copy of the latest wealth statement filed with the taxation department.	

11.	ATL of FBR status of sponsors / board of directors / dedicated compliance officer	
12.	Company's business plan presentation to SECP (either via Zoom or in-person).	
13.	<p>In case of foreign sponsors or directors:</p> <ul style="list-style-type: none"> i. If residing in countries where filing of wealth statement is not mandatory, documents attested by the Pakistan Embassy in the respective country are required. ii. Apostilled certificate of personal net-worth and general reputation issued by a bank of international repute and CIB, in countries that are members of the Hague Convention. iii. Copy of passport in case of a foreign national duly attested by the Pakistan Embassy in the respective country or apostilled in countries that are members of the Hague Convention. 	
14.	<p>Educational or other Qualification or Experience Director</p> <p>(2) In case of directors, at least one director should have:</p> <ul style="list-style-type: none"> (a) membership of a recognized body of professional accountants; or a CFA degree; or a graduate degree in finance, accountancy, business management, commerce, economics, law, capital market, financial services or related disciplines from a university/institute recognized by the Higher Education Commission of Pakistan, or equivalent; (b) an experience of at least five years in activities relating to capital market or commodity business or financial services sector. (c) have attained necessary certification as specified by the Commission from time to time. <p>CEO</p> <p>(3) In case of chief executive officer, the person should:</p> <ul style="list-style-type: none"> a) be a member of a recognized body of professional accountants or possess a [16 years of education] or equivalent recognized by the Higher Education Commission of Pakistan; [Provided that where the applicant is an Agri-Only futures broker, the minimum qualification requirement shall be 14 years of education; b) have a minimum experience of five years in a senior management position, in financial services sector/capital market/commodity business, provided that in case of Agri-Only futures broker, the substantiated experience of regular trading /dealing in agricultural commodities markets may also be counted; <p>Compliance Officer</p> <ul style="list-style-type: none"> a) be a member of a recognized body of professional accountants, or possess a graduate degree in finance, accountancy, business management, commerce, economics, capital market, financial services or related disciplines from a university/institute recognized by the Higher Education Commission of Pakistan, or equivalent; and b) have a minimum experience of three years in audit, finance or compliance functions or any other managerial position in a company in the financial sector. [Provided that for all of the above persons, 	

	<p>where a person possesses seven years of relevant experience of the financial services sector/capital markets/commodity business, the minimum qualification requirement shall be relaxed.</p> <p>The work experience of the CEO/Director to be provided in a tabulated form as follows:</p> <table><tr><th>Sr.</th><th>Name of the Company where the proposed CEO/director has worked</th><th>Name of the position and Role of the proposed CEO/director on that position</th><th>Duration of position held</th></tr><tr><td></td><td></td><td></td><td></td></tr></table> <p>Composition of Board:</p> <ul style="list-style-type: none">i. Can be a Single member of company in case of Agri only categoryii. Futures Broker can be incorporated as a private limited company with a minimum of two (2) Directors as well as a public limited company with a minimum of three (3) Directors	Sr.	Name of the Company where the proposed CEO/director has worked	Name of the position and Role of the proposed CEO/director on that position	Duration of position held					
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15.	<p>Documentary evidence supporting directors/CEO:</p> <ul style="list-style-type: none">i. Computerized National Identity Card (CNIC) copies of all directors, sponsors, and the CEO must be submitted.ii. Names, qualifications, and experience of CEO/Directors/Shareholders must be provided as per Annexure B of the regulations (Annexure C of this document).iii. Documentary evidence of highest qualification and relevant work experience for all directors and the CEO.iv. All directors and the CEO must be active taxpayersv. If the name of a Director or CEO is not cleared by the Ministry of Interior (MoI), the proposed company must replace the individual and transfer any shares held by them in case of Foreign director.vi. NOC is required in case of government servants. If a public sector enterprise is involved, relevant authority or cabinet approval (provincial or federal) is required for board composition and business objectives.vii. Directors of a Futures broker company shall not serve as directors in any other company licensed or having similar line of business, to carry out comparable business activities in Pakistan.viii. The CEO of a Futures Broker company seeking permission shall must not simultaneously serve as a CEO in any other company.ix. sponsors have and will continue to have representation of at least twenty per cent on its board of directors									

Section II: Grant of License

After incorporation of the Futures broker and obtaining TREC from relevant exchange, the company must apply for a license of Futures broker activities within six months from the date of Permission/NOC. This section details the comprehensive documentation and procedural requirements for grant of the license under **Futures Brokers (Licensing and Operations) Regulations, 2018**.

CHECKLIST FOR PERMISSION

Sr.	Checklist Item											
1.	Application to be made on Form A Futures Brokers (Licensing and Operations) Regulations, 2018 (Annexure D of this document) .											
2.	Original Challan for payment of application fee as per Schedule–I of the (Licensing and Operations) Regulations, 2016 <table><tr><th>Sr. no.</th><th>Subject of Application</th><th>Amount in Rs.</th></tr><tr><td>1.</td><td>a) Application for seeking license to act as a futures broker</td><td>100,000</td></tr><tr><td>2.</td><td>Application for seeking license to act as Agri-Only futures broker</td><td>50,000</td></tr></table>			Sr. no.	Subject of Application	Amount in Rs.	1.	a) Application for seeking license to act as a futures broker	100,000	2.	Application for seeking license to act as Agri-Only futures broker	50,000
Sr. no.	Subject of Application	Amount in Rs.										
1.	a) Application for seeking license to act as a futures broker	100,000										
2.	Application for seeking license to act as Agri-Only futures broker	50,000										
3.	Prior-permission of the Commission to undertake the futures broker activity in terms of regulation 5 of these Regulations.											
4.	Name of the futures exchange of which the applicant is a TRE certificate holder, along with the TRE Certificate number.											
5.	Percentage of capital, each sponsor proposes to contribute in the company.											
6.	Copy of memorandum and articles of association of the applicant duly certified from the concerned company registration office and copy of the certificate of incorporation duly certified from the CRO concerned.											
7.	ATL of FBR status of sponsors / board of directors / dedicated compliance officer											
8.	Copy of Forms A and Form 9 of the applicant duly certified from the CRO concerned.											
9.	Audited accounts for the last three years and latest half-yearly and quarterly accounts, where applicable.											
10.	Copies of documents evidencing compliance with the financial resource requirements specified in the Futures Brokers (Licensing and Operations) Regulations, 2018.											
11.	Profile/Fit and Proper related documents pertaining to the applicant, its sponsors, senior management officers and directors along with details such as name, qualification, as per Annexure-B of the Regulations. (Annexure C of this document)											
12.	Bank details of the futures broker.											

13.	Auditor's certificate confirming that the company meets the minimum equity requirements/Net Worth under Regulations, .	
	Form of Business	Minimum Equity Requirement (MER)
	Futures Broker	Rs. 10 million
	Agri-Only Futures Broker	Rs. 5 million
14.	Proceed Realization Certificate or bank statement confirming transfer of subscription money from subscribers' accounts into the company's account.	
15.	Names and addresses of and particulars of any business carried on by each person holding an interest of 10% or more in the issued share capital of the futures broker.	
16.	The pattern of shareholding, identifying separately the sponsors and shares held by the sponsors	
17.	Bank details of the futures broker along with bank statement of the futures broker [for the last twelve months] duly signed and stamped by bank manager.	
18.	Details of infrastructural facilities	
19.	Details of all pending disputes in which the applicant is a party management officer has remained involved during the last three years.	
20.	List of civil and criminal offenses in which the applicant or any of its sponsors, directors or senior	
21.	Details of penal actions, if any, taken against the applicant, its sponsors, directors, major shareholders or senior management officers during the last three years by the Commission or any other regulatory authority.	
22.	Details in case the applicant, its sponsors, directors, major shareholders or senior management officers have been declared insolvent or bankrupt, or declared defaulter by any authority	
23.	Details of the affiliation and outsourcing contracts, if any.	
24.	An undertaking from the sponsors of the applicant that they will not sell or transfer their shares without prior written approval of the exchange and the Commission.	
25.	An undertaking from the directors of sponsoring company and the applicant that they will inform the Commission in case of any change in the sponsors/majority shareholders of the sponsoring company	
26.	An undertaking that the futures broker, its directors, sponsors, senior management officers are in compliance with all the requirements for grant of a licence under the Futures Brokers (Licensing and Operations) Regulations, 2018 (Annexure D of this document). <ul style="list-style-type: none"> • Issued on the name of the declarant • Properly witnessed with submission of the CNIC's of the witnesses • Duly stamped by oath Commissioner 	

27.	For foreign directors/CEO, license approval is subject to receipt of security clearance from the Ministry of Interior (MoI) (Format in Annexure G of this document) .	
28.	NOC is required for any government servant involved; for public sector enterprises, relevant federal or provincial cabinet approvals are required for board composition and business objectives.	
29.	Any other information/document as required by the Commission.	

Section III: Renewal of the License

The validity of the license is one year. the company must apply for renewal of license one month prior to its expiry. This section details the comprehensive documentation and procedural requirements for renewal of the license under **Futures Brokers (Licensing and Operations) Regulations, 2018**.

Sr.	Checklist Item	Submission (Yes/No/NA) Page no. of Application									
1.	Application to be submitted in FORM C of Futures Brokers (Licensing and Operations) Regulations, 2018, (Annexure E of this document) for renewal of the license to be forwarded by PMEX.										
2.	Letter of recommendation by PMEX										
3.	Original Challan for payment of application fee as per Schedule-I of the Futures Brokers (Licensing and Operations) Regulations, 2018 <table border="1"> <thead> <tr> <th>Sr. no.</th><th>Subject of Application</th><th>Amount in Rs.</th></tr> </thead> <tbody> <tr> <td>1.</td><td>a) Application for seeking license to act as a futures broker</td><td>50,000</td></tr> <tr> <td>2.</td><td>Application for seeking license to act as Agri-Only futures broker</td><td>25,000</td></tr> </tbody> </table>	Sr. no.	Subject of Application	Amount in Rs.	1.	a) Application for seeking license to act as a futures broker	50,000	2.	Application for seeking license to act as Agri-Only futures broker	25,000	
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1.	a) Application for seeking license to act as a futures broker	50,000									
2.	Application for seeking license to act as Agri-Only futures broker	25,000									
4.	Affidavit regarding authenticity, correctness of the information and documents and fitness and propriety of the directors and the CEO submitted to the Commission (Annexure – F of this document)										
5.	ATL of FBR status of sponsors / board of directors / dedicated compliance officer										
6.	<ul style="list-style-type: none"> i. CTC of Form A, Form 9, Filing of Accounts ii. Compliance of AML Returns iii. Audited Financial Statements iv. Trading Data/Activity 										

Annexure A – Form A

[see regulation 5(1)]

APPLICATION FOR PRIOR-PERMISSION TO UNDERTAKE FUTURES BROKER ACTIVITY

Dated: _____

To

The Securities and Exchange
Commission of Pakistan,
Islamabad.

Dear Sir,

We hereby apply for grant of permission under regulation 5 of the Futures Brokers (Licensing and Operations) Regulation, 2018, to form a Futures Broker Company 43 [[Futures Broker/Agri Only Category]] under the name and style of * _____

The information and documents as required in the Annexure A to this form duly verified and signed by all sponsors and proposed directors along with an affidavit by them as to the correctness of the details is submitted.

We undertake to keep this information up to date by communicating changes or modifications therein within fourteen days of such changes or modifications.

Yours faithfully,

Verification by
Oath Commissioner.
Name of the company

Annexure B

Affidavit at the time of prior Permission as Future Broker

Affidavit from each sponsor, proposed director, proposed chief executive and proposed chairman of Board stating that-

- a) he has not been associated with any illegal banking business, deposit taking or financial dealings;
- b) he and companies in which he is a director or substantial shareholder have no over-due loans or installments outstanding towards banks or other financial institutions;
- c) neither he nor companies in which he is a director or substantial shareholder has defaulted in paying taxes as on the date of application;
- d) he has not been promoters or sponsor, director or chief executive of a defaulting cooperative finance society or finance company;
- e) he has never been convicted of fraud or breach of trust or of an offence involving moral turpitude or removed from service for misconduct;
- f) he has neither been adjudged an insolvent nor has defaulted in making payments, to his creditors.
- g) No investigation is initiated by any LEA against him.

Annexure C

Information to be provided by individual sponsors, directors and senior management officers of the ____ (name of futures broker) ____

1.	Curriculum Vitae/Resume containing:
(a)	Name:
(b)	Father's or Husband Name:
(c)	C.N.I.C # (attach copy)
(d)	Latest photograph
(e)	Nationality:
(f)	Age:
(g)	Contact details:
	i) Residential address:
	ii) Business address:
	iii) Tel:
	iv) Mobile:
	v) Fax:

	vi) E-mail:															
(h)	National Tax Number:															
(i)	Present occupation:															
(j)	Qualification(s):															
	i) Academic:															
	ii) Professional:															
(k)	<p>Experience: (Positions held during the last 10 years along with name and address of company/ institution) Information to be provided on the following sample format*:</p> <table border="1"> <thead> <tr> <th>Sr#</th> <th>Name of Organization</th> <th>Designation</th> <th>Period</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Company A</td> <td></td> <td>DD/MM/YY - DD/MM/YY</td> </tr> <tr> <td>2</td> <td>Company B</td> <td></td> <td>DD/MM/YY - DD/MM/YY</td> </tr> </tbody> </table>				Sr#	Name of Organization	Designation	Period	1	Company A		DD/MM/YY - DD/MM/YY	2	Company B		DD/MM/YY - DD/MM/YY
Sr#	Name of Organization	Designation	Period													
1	Company A		DD/MM/YY - DD/MM/YY													
2	Company B		DD/MM/YY - DD/MM/YY													
2.	<p>1. Nature of directorship:</p> <p style="padding-left: 40px;">a) Executive b) Non-executive</p> <p>2. Status of directorship:</p> <p style="padding-left: 40px;">a) Nominee director b) Elected director c) Independent director</p> <p>Number of shares subscribed or held _____</p> <p>Nominated by (name of shareholder/ nominating entity)</p>															
3.	<p>Names of companies, firms and other organizations of which the person is presently a director, partner, office holder or major shareholder (Information to be provided on the following sample format*)</p> <table border="1"> <thead> <tr> <th>Sr. #</th> <th>Name of Organization</th> <th>Designation</th> <th>Period</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Company A</td> <td></td> <td>DD/MM/YY - DD/MM/YY</td> </tr> <tr> <td>2</td> <td>Company B</td> <td></td> <td>DD/MM/YY - DD/MM/YY</td> </tr> </tbody> </table>				Sr. #	Name of Organization	Designation	Period	1	Company A		DD/MM/YY - DD/MM/YY	2	Company B		DD/MM/YY - DD/MM/YY
Sr. #	Name of Organization	Designation	Period													
1	Company A		DD/MM/YY - DD/MM/YY													
2	Company B		DD/MM/YY - DD/MM/YY													
4.	Names of any persons on the board of the (name of futures broker) who are related to the applicant.															

Signature _____

*use additional sheets if required

Annexure D– Form – A-I

FORM OF APPLICATION FOR LICENCE AS A FUTURES BROKER

[see Regulation 6(1)]

To
The Securities and Exchange Commission of Pakistan,
Islamabad.

Dear Sir,

1. We(Name of the company)..... hereby apply for licence of futures broker [Futures Broker/Agri-Only Category]], being member of(name of futures exchange)..... under section 51 of the Futures Market Act, 2016.
2. Certified true copies of all the documents specified in Annexure A-I of the Futures Brokers (Licensing and Operations) Regulations, 2018 are enclosed.
3. Original receipt of the bank for the fee of Rs.....being the licensing fee is enclosed.

Yours faithfully,
Signature of the Chief Executive

Annexure E

Form C

[see Regulation 9(1)]

FORM OF APPLICATION FOR RENEWAL OF LICENCE AS A FUTURES BROKER

To
The Securities and Exchange Commission of Pakistan,
Islamabad.

Dear Sir,

1. We,(Name of the futures broker).... being member of (name of futures exchange)....., hereby apply for the renewal of the licence of futures broker 62 [[Futures Broker/Agri-Only Category]] under section 52 of the Futures Market Act, 2016.
2. The existing licence is due to expire on
3. Original receipt of the bank for the fee of Rs.....being the renewal fee is enclosed.
- 4.[An undertaking stating that the futures broker 64[/Agri-Only futures broker] is compliant with all regulatory requirements including compliance with fit & proper criteria as specified in the Futures Brokers (Licensing and Operations) Regulations, 2018 is enclosed.]
5. It is requested that the licence be renewed for a period of one year.

Yours faithfully,
Signature of the Chief Executive

Annexure F

Undertaking to be provided by Futures Brokers along with the Form C in terms of Regulation 9(1) for renewal of license

WE, (Company name) a Trading Right Entitlement Holder of Pakistan Mercantile Exchange (PMEX) having our registered office at (Company's address), herein after called the "Company" do hereby declare on oath and solemn affirm that:-

1. The Company is complaint with the eligibility criteria for licensing of a futures broker provided in regulation 4 of the Regulations;
2. The company is fully compliant with PMEX regulatory framework;
3. The Company, is fully compliant with the requirements of the Futures Broker (Licensing and Operation) Regulations, 2018 ("the Regulations"), Futures Market Act, 2016, the Companies Act, 2017, Rules, Regulations and Direction issued there under;
4. The Company is complaint with the financial resource requirements provided in regulation 7 of the Regulations;
5. The Company, its Directors, Sponsors and Senior Management are compliant with the Fit and Proper Criteria as specified in Annexure B of the Regulations including clean CIB report;
6. There is no complaint/inquiry/investigation pending against the company or its directors or sponsors in Federal Investigation Agency (FIA), National Accountability Bureau (NAB) or any other investigating agency or any regulatory authority; (in case of any pending complaint/ inquiry / investigation, please provide the details)
7. There is no investor complaint pending with the company; (in case of any pending investor complaints, please provide the details)
8. There is no investor complaint/inquiry against the company pending with PMEX; (in case of any pending investor complaints, please provide the details)
9. There is no pending litigation against the company; (in case of any pending litigation, please provide the details)
10. The company is not involved in any deposit raising activity or any other activity not permissible under the regulatory framework by whatever name so called.

Date: - _____

Deponents

**Chief Executive Officer on
behalf of Sponsors, Directors and
Company**

Company Secretary

Name: _____

Signatur: _____

Official Stamp: _____

CNIC NO: _____

The Deponent is identified by me

Solemnly affirmed before me on this _____ day of _____ at _____

by the Deponent above named who is identified to me by _____, Advocate, who is known to me personally.

Signature: _____

Oath Commissioner for taking Affidavit

Annexure G

Proforma – GR CHECK/ SECURITY CLEARANCE

1. **Full Name** _____
2. **Sex (Male/Female)** _____
3. **Date of Birth: DD-MM-YYYY** _____
4. **Father's/Husband's Name:** _____
5. **Profession/Designation:** _____
6. **Country/City:** _____
7. **Passport No. :** _____
8. **Nationality:** _____
9. **Temporary Address Abroad:** _____

10. **Permanent Address Abroad:** _____

11. **Tel No.** _____ **Office:** _____ **Cell:** _____
12. **E-mail Address:** _____
13. **Firm Address Abroad:** _____

14. **Firm Tel No. :** _____ **E-mail Address:** _____
15. **Purpose of GR Check** _____
16. **Any Other Specific Information** _____



SECP

**SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN**