



SECP
SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN

Checklist for Formation (NOC), Grant and Renewal of License: Securities 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 Securities Broker Company for TC and TSC category under Securities Brokers (Licensing and Operations) Regulations, 2016 (the "Regulations"), whereas no prior permission is required for Trading Only/Online only category.

CHECKLIST FOR PRIOR PERMISSION (FOR TC AND TSC CATEGORY)

Sr.	Checklist Item	Submission (Yes/No/NA) Page no. of Application
1.	A person desirous of forming a Securities broker company will reserve its name using the SECP eZfile portal.	
2.	Applicant shall proceed with seeking a permission to form a securities broker company through an application to Licensing Department.	
3.	Application to be submitted in FORM A-1 of Securities Brokers (Licensing and Operations) Regulation, 2016, (Annexure A of this document) .	
4.	Draft of Memorandum of Association and Articles of Association (MoA and AoA).	
5.	Names of the bankers of the sponsors' along with their account numbers.	
6.	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 	
7.	Detailed Business Plan of the Securities 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 	
1.	Net-worth certificate of each sponsor supported by duly authenticated copy of the latest wealth statement showing net-worth twice the amount to be subscribed, filed with the taxation department.	
2.	ATL of FBR status of sponsors / board of directors / dedicated compliance officer	
3.	Company's business plan presentation to SECP (either via Zoom or in-person).	

4.	<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. 										
1.	<p>Composition of Board:</p> <ul style="list-style-type: none"> i. Can be a Single member of company in case of TO digital/Online only ii. Securities 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 other than Director (at least one director should have) iii. a graduate degree in finance, accountancy, business management, commerce, economics, law, capital market, financial services or related disciplines from a university equivalent; Directors should have a minimum of five years relating to capital market, specifically securities brokerage business CEO iv. be a member of a recognized body of professional accountants or possess a post-graduate degree in finance, accountancy, business management, commerce, economics, law, capital market, financial services or related disciplines from a university recognized by the Higher Education Commission of Pakistan, or equivalent; senior management position, preferably in the regulated financial services sector. Compliance Officer v. 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 recognized by the Higher Education Commission of Pakistan, or equivalent; and vi. 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. <p>The work experience of the CEO/Director to be provided in a tabulated form as follows:</p> <table border="1"> <thead> <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> </thead> <tbody> <tr> <td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>			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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	<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 taxpayers v. 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 Securities 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 Securities Broker company seeking permission shall must not simultaneously serve as a CEO in any other company. 	
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Section II: Grant of License

After incorporation of the Securities broker and obtaining TREC from relevant exchange the company must apply for a license of Securities broker activities within six months from the date of Permission/NOC. This section details the comprehensive documentation and procedural requirements for grant of license under Securities Brokers (Licensing and Operations) Regulations, 2016.

CHECKLIST FOR GRANT OF LICENSE

Sr.	Checklist Item	Submission (Yes/No/NA)									
1.	Application to be made on Form A Securities Brokers (Licensing and Operations) Regulations, 2016 (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 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>Application for license to undertake or carry out the activity of Securities Broker</td><td>100,000</td></tr> <tr> <td>2.</td><td>For grant of licence to act as a securities broker In case of Online Only Broker</td><td>50,000</td></tr> </tbody> </table>	Sr. no.	Subject of Application	Amount in Rs.	1.	Application for license to undertake or carry out the activity of Securities Broker	100,000	2.	For grant of licence to act as a securities broker In case of Online Only Broker	50,000	
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1.	Application for license to undertake or carry out the activity of Securities Broker	100,000									
2.	For grant of licence to act as a securities broker In case of Online Only Broker	50,000									
3.	Prior-permission of the Commission to undertake the Securities broker activity in terms of regulation 5 of these Regulations.										
4.	Certified copy of the Memorandum of Association and Articles of Association and copy of the certificate of incorporation										
5.	Name of the securities exchange of which the applicant is a TRE certificate holder, along-with the TRE Certificate number.										
6.	Copy of Form A and Form 9 of the applicant duly certified from the CRO concerned										
7.	ATL of FBR status of sponsors / board of directors / dedicated compliance officer										
8.	Audited accounts for the last three years and latest half yearly and quarterly accounts, where applicable.										
9.	The pattern of shareholding, identifying separately the sponsors and shares held by the sponsors										
10.	Bank details of the securities broker.										

11.	Auditor's certificate confirming that the company meets the minimum equity requirements/Net Worth under Regulations, .		
	Form of Business	Minimum Equity Requirement (MER)	
	Securities Brokers – Trading Only	Rs. 15 million	
	Securities Brokers – Online Only	Rs 7.5 million	
	Securities Brokers – Trading & Self clearing	Rs. 75 million	
	Securities Brokers – Trading & Clearing	Rs. 500 million	
12.	Proceed Realization Certificate or bank statement confirming transfer of subscription money from subscribers' accounts into the company's account.		
13.	An undertaking from the sponsors of the applicant that they will not sell or transfer their shares without prior written approval of the securities exchange and the Commission.		
14.	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		
15.	An undertaking that the securities broker, its directors, sponsors, senior management officers are in compliance with all the requirements for grant of a licence under the Securities Brokers (Licensing and Operations) Regulations, 2016. (Annexure D of this document).		
16.	Details of outstanding legal proceedings, if any, initiated against the applicant, its directors or senior management officers by the Commission or any other regulatory authority.		
17.	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.		
18.	Details of infrastructural facilities		
19.	Details of sponsors, directors and senior management officers with relevant experience of the licensed activity as per Annexure-B of the Regulations		
20.	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).		
21.	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.		
22.	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 Securities Brokers (Licensing and Operations) Regulations, 2016.

Sr.	Checklist Item	Submission (Yes/No/NA) Page no. of Application									
1.	Application to be submitted in FORM C of Securities Brokers (Licensing and Operations) Regulation, 2016, (Annexure E of this document) for renewal of the license to be forwarded by PSX.										
2.	Letter of recommendations by PSX as per Regulation 9(4) of the Regulations										
3.	Original Challan for payment of application fee as per Schedule-I of the (Licensing and Operations) Regulations, 2016 <table border="1" data-bbox="268 931 1190 1272"> <thead> <tr> <th data-bbox="268 931 411 999">Sr. no.</th><th data-bbox="411 931 954 999">Subject of Application</th><th data-bbox="954 931 1190 999">Amount in Rs.</th></tr> </thead> <tbody> <tr> <td data-bbox="268 999 411 1133">1.</td><td data-bbox="411 999 954 1133">Application for renewal license to undertake or carry out the activity of Securities Broker</td><td data-bbox="954 999 1190 1133">50,000</td></tr> <tr> <td data-bbox="268 1133 411 1272">2.</td><td data-bbox="411 1133 954 1272">For renewal of licence to act as a securities broker In case of Online Only Broker</td><td data-bbox="954 1133 1190 1272">25,000</td></tr> </tbody> </table>	Sr. no.	Subject of Application	Amount in Rs.	1.	Application for renewal license to undertake or carry out the activity of Securities Broker	50,000	2.	For renewal of licence to act as a securities broker In case of Online Only Broker	25,000	
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1.	Application for renewal license to undertake or carry out the activity of Securities Broker	50,000									
2.	For renewal of licence to act as a securities broker In case of Online Only 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.	i. CTC of latest Form A, Form 9 and Filing of Accounts ii. Compliance of filing of STBR on BLASERS portal and AML Returns iii. Audited Financial Statements iv. Trading Data/Activity										

Annexure A – Form I

APPLICATION FOR PRIOR-PERMISSION TO UNDERTAKE SECURITIES BROKER ACTIVITY

To

The Securities and Exchange
Commission of Pakistan,
Islamabad.

Dear Sir,

We hereby apply for grant of permission under regulation 3A of the Securities Brokers (Licensing and Operations) Regulation, 2016, to form a Securities Broker Company 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.

A receipt of rupees [(Rs. _____)] being the processing fee, deposited in----- ---- on ---
-----is enclosed.

Yours faithfully,

Verification by Oath Commissioner Name of the Company]

Annexure B

Affidavit at the time of prior Permission as Securities Broker/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
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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 A **FORM OF APPLICATION FOR LICENCE AS A SECURITIES BROKER** **[[see regulation 5 (1) and 5A]]**

To

The Securities and Exchange Commission of Pakistan,
Islamabad.

Dear Sir,

1. We(Name of the company)..... hereby apply for licence of securities broker under the Trading Only/[Online-only/]Trading and Self-Clearing/Trading and Clearing.... Category] section 68 of the Securities Act, 2015 [and/or section 51 of the Futures Market Act, 2016.

2. Certified true copies of all the documents specified in Annexure A of the Securities Brokers (Licensing and Operations) Regulations, 2016 are enclosed.

3. Original receipt of the bank for the fee of Rs.....being the licensing fee is enclosed.

4. We are interested in offering the following additional services and hereby apply for the requisite licenses (tick the appropriate box(es)):

Securities and futures advisor (*)]

Consultant to the issue

Underwriter]

Yours faithfully,

Signature of the Chief Executive

Annexure E

Form C

[see regulation 9(1)]

FORM OF APPLICATION FOR RENEWAL OF LICENCE AS A SECURITIES BROKER

To

The Securities and Exchange Commission of Pakistan,
Islamabad.

Dear Sir,

1. We,(Name of the securities broker).... hereby apply for the renewal of the licence of securities broker [under the Trading Only [Online-only/ Trading and Self-Clearing/Trading and Clearing....Category] under section 69 of the Securities Act, 2015 and under section 52 of the Futures Market Act, 2016.

2. The existing licence is due to expire on December 31,

3. Original receipt of the bank for the fee of Rs.....being the renewal fee is enclosed.

4. An undertaking stating that the securities broker is compliant with of all regulatory requirements including compliance with fit & proper criteria as specified in the Securities Brokers (Licensing and Operations) Regulations, 2016 is enclosed.

5. It is requested that the licence be renewed for a period of one year.

6. It is requested that our licenses for the following regulated securities activity may also be renewed (tick the appropriate box(es)):

Securities and futures advisor (*)

Consultant to the issue

Underwriter

Yours faithfully,

Signature of the Chief Executive]

Annexure F

Undertaking/Affidavit to be provided by Securities Broker 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 Stock Exchange (PSX) 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 securities broker provided in regulation 4 of the Regulations;
2. The applicant is fully compliant with PSX regulatory framework;
3. The Company, is fully compliant with the requirements of the Securities Broker (Licensing and Operation) Regulations, 2016 ("the Regulations"), Securities Act, 2015, 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 6 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 PSX;
9. There is no pending litigation against the company; (in case of any pending litigation, please provide the details)
10. The applicant 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** _____



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COMMISSION OF PAKISTAN**