PART II
Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN
SEcurities AND EXChange COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 19th September, 2019

S. R. O. 1119(I)/2019.—The following draft amendments to the Securities Exchanges (Licensing and Operations) Regulations, 2016, proposed to be made by the Securities and Exchange Commission of Pakistan, in exercise of powers conferred by section 169 of the Securities Act, 2015 (III of 2015), are hereby published for information of all persons likely to be affected thereby and, as required by sub-section (4) of the said section 169, notice is hereby given that objections or suggestions thereon, if any, may be sent to the Commission within fourteen days of placement of draft amendments on the website of the commission, namely:

In the aforesaid Regulations,—

(1) After regulation 11, the following new regulation 11A shall be inserted, namely:

“11A. Compliance functions of central depository and clearing house.—A securities exchange may enter into arrangements with a central depository and clearing house, with the prior approval of

(2057)

Price : Rs. 5.00

[1455 (2019)/Ex. Gaz.]
the Commission, for performing compliance functions of the central depository and clearing house with respect to clearing members and CDS elements which are TRE certificate holders of the securities exchange in the following manner:

(a) the securities exchange shall enter into a service level agreement with the clearing house and the central depository for performing their compliance function after obtaining approval of its board of directors with respect to shifting of employees of central depository and clearing house and defining the role, responsibilities, duties, obligations of securities exchange, scope of services, remuneration of shifting compliance function, indemnification to the clearing house and central depository and any other important matter;

(b) upon signing the service level agreement and from the effective date provided in the agreement, the securities exchange shall monitor compliance of the clearing members and CDS elements which are TRE certificate holders with applicable legal and regulatory framework, policies and procedures of the central depository and clearing house;

(c) upon signing the service level agreement and from the effective date provided in the agreement, the securities exchange shall supervise or conduct any investigation, inspection or enquiry required to be conducted by a clearing house or central depository in respect of clearing members and CDS elements which are the TRE certificate holders;

(d) upon signing of the service level agreement, the securities exchange shall be fully responsible for effectively discharging all the obligations under the legal and regulatory framework and policies and procedures applicable on the clearing house and central depository, relating to monitoring compliance, inspections and investigation in respect of clearing members and CDS elements which are TRE certificate holders; and

(e) the chief regulatory officer of the securities exchange shall maintain liaison with the central depository and clearing house for monitoring compliance, inspections and investigation in respect of clearing members and CDS elements which are TRE certificate holders and the securities exchange shall perform these activities in accordance with the procedures finalized with the central depository and clearing house.”

[No. SMD/SE/2(273)/2016.]

BILAL RASUL,
Secretary to the Commission.