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PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 15th June, 2022

S. R. O. 808(I)/2022.—In exercise of powers conferred by section 169 of the Securities Act, 2015 (III of 2015) and section 114 of the Futures Market Act, 2016 (XIV of 2016), the Securities and Exchange Commission of Pakistan hereby makes the following amendments to the Securities Brokers (Licensing and Operations) Regulations, 2016, the same having been previously published in the official Gazette *vide* S.R.O. 271(I)/2022 dated February 16, 2022 and placed on its website as required under sub-section(4) of section 169 of the Securities Act, 2015 and sub-section (4) of section 114 of the Futures Market Act, 2016, namely:-

AMENDMENTS

In the aforesaid Regulations,—

(1) in regulation 4, in clause (aa), after the expressions "single member company;" the expressions "except in case of Online Only category" shall be added;

(2) in regulation 5A, in sub-regulation (1), after clause (a), the following new clause (aa) shall be inserted, namely:—

"(aa) "Online-Only" category shall mean a sub-category of Trading Only securities broker, which can only execute trades on behalf of its customers through online or electronic means and shall not offer brokerage services through any office:

Provided that Online Only Broker shall not engage in proprietary trading. However, the Online Only Broker can execute trades on behalf of its sponsors, substantial shareholders, directors and their close relatives:

Provided further that the regulations applicable on Trading Only category shall also be applicable on Online Only, except where specifically mentioned otherwise in the regulations.";

(3) in regulation 6,—

(a) in sub-regulation (1A), for the table, the following shall be substituted, namely:—

Category of securities broker	**Minimum Net worth -PKR million-**	**Minimum Net Capital Balance-PKR million-**
Trading Only	15	Not applicable
Online Only	7.5	Not applicable
Trading and Self Clearing	50	10
Trading and Clearing	500	15

(b) in sub-regulation (1B), in the second proviso for the full stop a colon shall be substituted and thereafter the following new proviso shall be inserted, namely:—

"Provided further that an Online Only broker shall not be allowed to keep any custody of securities and money.";

(4) in regulation-7, in sub-regulation (3), for the expressions "Applicants for the Trading Only Broker category shall comply with the following minimum requirements:" the expressions "Applicants for the Trading Only including Online Only Broker category shall comply with the following minimum requirements, except where applicant for Online Only category is a single member company, in that case, such applicant shall comply with the following minimum requirements as applicable to the extent of a single member company:" shall be substituted;

(5) in regulation 16, in sub-regulation (1), in clause (r), for the full stop a semi colon shall be substituted and thereafter the following new clauses shall be inserted, namely:—

"(s) Online Only Broker shall mandatorily offer internet-based trading services to its clients and shall not provide physical place for trading to its clients;

(t) where it offers internet-based trading facilities, implement adequate measures to ensure that:

(i) procedures and controls are in place to monitor and test the systems on a regular basis;

(ii) adequate cyber-security mechanism is in place;

(iii) operational and technical control systems are in place to manage the risks;

(iv) all electronic communication is digitally signed, encrypted and secured with a backup stored in soft and secured form; and

(v) it complies with IT infrastructure standards, certifications or any other requirement or conditions, as may be specified by the Commission and/or the securities exchange.";

(6) in regulation 35, in sub-regulation (5), for the full stop a colon shall be substituted and thereafter the following proviso shall be inserted, namely: -

"Provided that the above additional requirement of compliance with section 78 of the Act shall not be applicable on Online Only Broker and on Trading Only brokers who have completely transferred custody of assets to Professional Clearing Member or Trading and Clearing broker.";

(7) in Form-A,—

(a) under the heading FORM OF APPLICATION FOR LICENCE AS A SECURITIES BROKER, for the expressions "[see regulation 5(1)]" the expression "[see regulation 5 (1) and 5A]" shall be substituted;

(b) in paragraph 1, after the expression "Trading Only/" the expression "Online-only/" shall be added;

(c) in para 4,—

(i) after the words "Securities and futures advisor" the expression "(*)" shall be inserted; and

(ii) at the end of Form A, the following Note shall be inserted, namely:—

"*Online Only broker may only apply for license of Securities and futures advisor.";

(8) in Schedule I, for the table, the following shall be substituted, namely:—

"

Description of fee	Amount of fee in PKR
Fee to be paid at the time of applying for licence as a securities broker	
(a) For renewal of licence as a securities broker (al) In case of Online Only Broker	Rs. 50,000 Rs. 25,000
(a) For grant of licence to act as a securities broker (bl) In case of Online Only Broker	Rs. 100,000 Rs. 50,000

";

(9) in Form B, after the expression "Trading Only/" the expression "Online-only/" shall be inserted; and

(10) in Form C,

(a) in paragraph 1, after the expression "Trading Only/" the expression "Online-only/" shall be added; and

(b) in paragraph 6,—

(i) after the words "Securities and futures advisor" the expression "(*)" shall be inserted; and

(ii) at the end of Form C, the following note shall be inserted, namely:—

*"*Online Only broker may only apply for renewal of license of Securities and futures advisor."*.

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BILAL RASUL,
Secretary to the Commission.

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