PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

Islamabad, the 24th May, 2019

S.R.O. 591(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 the information of all persons likely to be affected thereby and, as required by subsection (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,—

1075 (1—7)

Price : Rs. 10.00

[847(2019)/Ex. Gaz.]
(b) Educational Qualification and Experience

(i) In case of director, the person should:

(a) be a member of a recognized body of professional accountants or possess a graduate degree in finance, accountancy, law, business management, commerce, economics, capital market, information technology and financial services or related disciplines from a university recognized by the Higher Education Commission of Pakistan, or equivalent; and

(b) have a management or business experience including directorships, of at least seven years at a senior level preferably in the regulated financial services sector and other fields such as law, information technology etc. Provided that where a person possesses more than 15 years of experience and knowledge of the capital markets, clearing houses, central depositories, commodities market, or in the areas relating to finance, corporate governance, audit, information technology etc. the minimum qualification requirement may be relaxed on case to case basis by the securities exchange with prior approval of the Commission.

(ii) In case of chief executive officer, the person should:

(a) be a member of a recognized body of professional accountants or possess a post-graduate degree in finance, accountancy, business management, commerce, economics, capital market and financial services or other related disciplines from a university recognized by the Higher Education Commission of Pakistan, or equivalent; and

(b) have a minimum experience of seven years in a senior level managerial position at the securities exchange or has served at a senior management
position for at least seven years, or as chief executive officer for a period of five years, in any other organization in the financial services sector or a listed entity; and

(c) have demonstrated, through his qualification and experience, the capacity to successfully undertake the cognate responsibilities of the position.

(iii) In case of chief regulatory officer, the person should:

(a) be a member of a recognized body of professional accountants or a recognized body of corporate or chartered secretaries; or be a law graduate or possess a post-graduate degree in finance, accountancy, business management, commerce, economics, capital market and financial services or related disciplines from a university recognized by the Higher Education Commission of Pakistan, or equivalent or a Certified Internal Auditor, or a Certified Fraud Examiner; and

(b) have preferably served at senior level managerial position in any organization with minimum experience of five years out of which he/she served as chief regulatory officer for a period of three years; or have:

(i) a minimum experience of five years in related functions at the securities exchange at a senior level managerial position; or

(ii) a minimum experience of five years in related functions such as compliance, audit, legal affairs etc. at any other organization in the financial services sector or a listed entity at a senior level managerial position.

(iv) In case of chief operating officer, the person should:

(a) be a member of a recognized body of professional accountants or possess a post-graduate degree in finance, accountancy, business management, commerce, economics, capital market and financial services or other related disciplines from a
(b) have a minimum experience of five years in a senior level managerial position at the securities exchange or has served at a senior management position, preferably as chief operating officer, for a period of five years, in any other organization in the financial services sector or a listed entity; and

(c) have demonstrated, through his qualification and experience, the capacity to successfully undertake the cognate responsibilities of the position.

(v) In case of chief financial officer, the person should:

(a) be a member of a recognized body of professional accountants or possess a postgraduate degree in finance, accountancy, business management, commerce, economics, capital market and financial services or related disciplines from a university recognized by the Higher Education Commission of Pakistan, or equivalent; and

(b) have preferably served as chief financial officer for a period of three years in any other organization in the financial services sector or a listed entity, with total experience of seven years at senior level managerial position, or have:

(i) a minimum experience of five years in related functions at the securities exchange at a senior level managerial position; or

(ii) a minimum experience of five years in related functions such as audit, compliance, finance etc. at any other organization in the financial services sector or a listed entity at a senior level managerial position.

(vi) in case of head of internal audit, the person should:

(a) be a member of a recognized body of professional accountants, or a Certified Internal Auditor, or a Certified Fraud Examiner; and
(b) have preferably served as head of internal audit for a period of three years in any other organization in the financial services sector or a listed entity, with total experience of seven years at senior level managerial position, or have:

(i) a minimum experience of five years in related functions at the securities exchange at senior level managerial position; or

(ii) a minimum experience of five years in related functions such as audit, finance, compliance etc. at senior level managerial position at any other organization.

(vii) In case of company secretary the person should:

(a) be a member of a recognized body of professional accountants or a recognized body of corporate or chartered secretaries; or be a law graduate or possess a graduate degree in finance, accountancy, business management, commerce, economics, capital market and financial services or related disciplines from a university recognized by the Higher Education Commission of Pakistan, or equivalent; and

(b) have preferably served as company secretary and/or compliance officer for a period of three years in any other organization in the financial services sector or a listed entity, with total experience of seven years at senior level managerial position, or have:

(i) a minimum experience of five years in related functions at the securities exchange at senior level managerial position; or

(ii) a minimum experience of five years in related functions such as audit, compliance, other corporate affairs, legal affairs etc. at senior level managerial position at any other organization.
(viii) In case of head of Information Technology (IT) or head of IT security, the person should:

(a) possess a graduate degree in information technology or computer sciences or related disciplines from a university recognized by the Higher Education Commission of Pakistan, or equivalent; and

(b) have a minimum relevant experience of five years in IT related functions at the securities exchange at a senior level managerial position or has served in related services for a period of five years at senior level managerial position in any other organization.

Provided that the securities exchange shall not appoint or retain any person as senior management officer who was in service of a TRE certificate holder or an associated company of such TRE certificate holder during the last three years or who is above sixty years of age. In case the securities exchange appoints a person as senior management officer who was in service of a TRE certificate holder or an associated company of such TRE certificate holder, his appointment shall be approved by the Board of Directors of the securities exchange for reasons to be recorded in writing and reported to the Commission.

Provided further that where a person possesses more than 10 years of experience at senior managerial level in any organization in the financial services sector or a listed entity in the related function, the minimum educational requirement may be relaxed to graduate level on case to case basis by the securities exchange for reasons to be recorded in writing and reported to the Commission.

Provided further that in exceptional circumstances and reasons to be recorded in writing a securities exchange may extend the age limit of sixty years to sixty two years.

Provided further that upon request of a securities exchange supported by cogent reasons, the Commission
may consider allowing continuation of service of an existing senior management officer who does not fulfil the requirements prescribed above, on a case to case basis.

(ix) in case of promoters, strategic investor or anchor investor of a securities exchange, such person should have an established and proven track record of successfully running a business enterprise for 3 to 5 years.

(x) The person must be fully conversant with the duties of director or senior management officer, as the case may be, as specified under the statutes, rules and regulations, memorandum and articles of association and the code of corporate governance.

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

BILAL RASUL,
Secretary to the Commission.