

Annexure A

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 11th May, 2022

NOTIFICATION

S.R.O.600(I)/2022.- The following draft amendment to the Futures Exchanges (Licensing and Operations) Regulations 2017, proposed to be made by the Securities and Exchange Commission of Pakistan, in exercise of powers conferred by section 114 of the Futures Market Act, 2016 (XIV of 2016), is hereby published for information of all persons likely to be affected thereby and notice is hereby given that objections or suggestions, if any, received by the Commission within fourteen days from the date of the placement of the said draft amendments on the website of the Commission may be taken in to consideration, namely:-

DRAFT AMENDMENT

In the aforesaid Regulations, -

- (1) in regulation 5, in sub-regulation (2), in clause (v), for expression “which may be further amended only with prior approval of the Commission.” a colon shall be substituted and thereafter the following proviso shall be inserted, namely: -

“Provided that any consequential amendment in the segregation plan approved by the Commission pursuant to change in relevant regulatory framework may be carried out by the futures exchange with the approval of its board of directors.”

- (2) in regulation 19, in sub-regulation (8), for the expression “with prior approval of the Commission appoint an auditor” the expression “appoint an auditor enlisted within Category “A” of the State Bank of Pakistan’s Panel of Auditors for a period of three years” shall be substituted; and
- (3) after regulation 21, the following new regulation 22 shall be inserted, namely: -

“22. Obligations pertaining to handling of customer money and customer assets, -
The futures exchange shall, -

- (i) open one or more designated bank accounts with a scheduled bank in Pakistan on behalf of customer and the title of the account shall reflect the name of customer;
- (ii) not use customer money for any purpose other than as allowed for trading executed on behalf of such customer and handling of exposure and other ancillary margins for risk management purposes;

- (iii) ensure that the customer funds shall not form part of the assets of the futures exchange for any purpose;
- (iv) keep records of all amounts deposited into and paid from the designated bank account(s) of each customer;
- (v) maintain record of each customer balances stating his name and the amount held or received for that customer;
- (vi) if customers unutilized funds are held in a profit-bearing bank account, it shall pass on profit earned on these funds to the clients in proportion to the client's unutilized balance unless specified otherwise in writing by the client:

Provided that the exchange may retain service charges on account of these deposits at the rate approved by the Commission.”.

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(Bilal Rasul)
Secretary to the Commission