

## **GUIDELINES FOR SYSTEM AUDIT OF THE BROKERS OF PMEX**

**The brokers are required to follow the following steps for carrying out system audit:**

### **1. SELECTION OF AUDIT FIRM**

The broker shall select the audit firm from PMEX Panel of Auditors for System Audit available on PMEX website: <https://www.pmax.com.pk/existing-broker/>. However, not every audit firm in the approved panel may be eligible to conduct a system audit.

Here, it is important to refer to Regulation 20.2.3 of PMEX Rule Book, which is reproduced below:

**“No Auditor shall be appointed to conduct the Audit of a Broker, if that Auditor has conducted the statutory audit or other assignment of such Broker, at any time during the past two years immediately preceding from the date of balloting in which such Broker is selected for the Audit”.**

### **2. AUDITOR’S DECLARATION / ENGAGEMENT LETTER**

Within 30 days of intimation received from the Exchange, the broker shall appoint an audit firm and submit the Auditor’s declaration / Engagement letter in the specified format along with a Cheque for System Audit fee to the Chief Regulatory Officer (CRO) of PMEX.

The format of the Auditor’s declaration / Engagement letter is available on PMEX website: <https://www.pmax.com.pk/existing-broker/>.

### **3. TIME PERIOD TO SUBMIT SYSTEM AUDIT REPORT**

The broker shall direct the audit firm to submit the System Audit Report in the format prescribed by the Exchange to the CRO within 60 days from the appointment of an audit firm.

The prescribed format of the System Audit Report is available on PMEX website: <https://www.pmax.com.pk/existing-broker/>.

### **4. AUDIT FINDINGS (ONWARD COMPLIANCE)**

The broker shall rectify non-compliance(s) identified in the system audit report immediately. Such a broker shall be subject to a limited scope audit in the following year to confirm the rectification of the non-compliances reported by the auditor.