

Proposed Changes in the NCCPL Regulations- Securities Act 2015		
Existing Regulations	Proposed Changes	Rational
<p>2.6 Notice, notification and service of documents</p> <p>NEW</p>	<p>2.6 Notice, notification and service of documents</p> <p>2.6.8 The Company shall immediately notify the Commission if it becomes aware:</p> <p>a. of a financial irregularity or other matter which in the opinion of the Company may indicate that its financial integrity is in question or that it is unable to meet its legal obligations;</p> <p>b. that any of its Clearing Members is unable to comply with any Regulations of the Company;</p> <p>c. of a financial irregularity or other matter which in the opinion of the Company may indicate that the financial standing or integrity of a Clearing Member is in question or that a Clearing Member may not be able to meet its legal obligations.</p>	<p>As per clause 25 (7) of the Securities Act, 2015 “the Act”, where clearing house is required to make notification to the SECP. Changes have been incorporated in the Regulations accordingly.</p>
2.8 Definitions	2.8 Definitions	
<p>Broker Clearing Member means a TRE Certificate Holder of Stock Exchange(s) admitted as a Clearing Member to CSS under Regulation 5.1.1(a) of these Regulations</p>	<p>Broker Clearing Member means a TRE Certificate Holder of Stock Exchange(s) admitted as a Clearing Member to NCSS under Regulation 5.1.1(a) of these Regulations</p>	<p>Word CSS was wrongly placed as NCSS</p>
<p>Chief Executive Officer means any person occupying the position of the chief Officer executive of the Company or any person authorised by the Board to perform the functions of Chief Executive Officer during his absence.</p>	<p>Chief Executive Officer means any person occupying the position of the Chief Executive Officer of the Company or any person authorised by the Board to perform the functions of Chief Executive Officer during his absence.</p>	<p>Name of CEO aligned as written in the Act</p>

<p>Collateral Includes the cash, margin eligible securities, bank guarantees, treasury bills (“T-Bills”) and/or irrevocable undertakings deposited by a NCC Participant with the Company under these Regulations as security against margin requirements of such NCC Participant.</p> <p>Market collateral shall have the same meaning as ascribed under the Act and shall include the term Collate</p>	<p>Market Collateral Includes the cash, margin eligible securities, bank guarantees, treasury bills (“T-Bills”) and/or irrevocable undertakings deposited by a NCC Participant with the Company under these Regulations as security against margin requirements of such NCC Participant for the purpose of securing liabilities arising directly in connection with the Company ensuring the settlement of a Market Contract.</p> <p>Market Collateral shall have the same meaning as ascribed under the Act and shall include the term Collateral</p>	<p>As per clause 21 c of the Act, Definition of Market Collateral need to be aligned with the Collateral as already defined in the NCCPL Regulations</p>
<p>NEW</p>	<p>Market Charge Means a charge, whether fixed or floating, created in favor of a Company over any property which is held by or deposited with the Company and for the purpose of securing liabilities arising directly in connection with the Company ensuring the settlement of a Market Contract.</p>	<p>As per clause 21 b of the Act, Definition of Market Charge need to be incorporated in the NCCPL Regulations</p>
<p>Company means National Clearing Company of Pakistan Limited.</p>	<p>Company means National Clearing Company of Pakistan Limited licensed as a clearing house under the Act.</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 2 viii of the Act</p>
<p>NEW</p>	<p>Emergency Means: (a) any act of government affecting Securities; (b) any major market disturbance which prevents the market from</p>	<p>Changes incorporated to align this clause as per section 13(4) of the Act</p>

	<p>accurately reflecting the forces of supply and demand for Securities; or</p> <p>(c) any other situation or practice which in the opinion of the Commission constitutes an emergency</p>	
<p>Exchange trade means a trade which is affected on a Pakistan Stock Exchange and is received in NCSS as a locked-in trade contract for clearing and settlement through NCSS.</p>	<p>Exchange trade means a trade defined as “market contract” in the Act, which is affected on a Pakistan Stock Exchange and is received in NCSS as a locked-in trade contract for clearing and settlement through NCSS.</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 2 (xxxiii) of the Act</p>
<p>Non Exchange Transaction means</p>	<p>Non Exchange Transaction means following transactions defined as “market contract” in the Act:</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 2 (xxxiii) of the Act</p>
<p>NEW</p>	<p>Senior Management Officer includes, Chief Executive Officer/ managing director, deputy managing director/ chief operating officer and chief regulatory officer or holder of such positions by whatever name called or any other person as defined in the Act</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 75 (2) f of the Act also in section 2 (lviii) of the Act</p>
<p>3.4 Binding effect of the Regulations and Procedures</p> <p>3.4.1 These Regulations (other than, except as provided in these Regulations, a Warranty and Indemnity Provision) and the Procedures shall have the effect of a contract between the Company and each NCC Participant under which:</p>	<p>3.4 Binding effect of the Regulations and Procedures</p> <p>3.4.1 These Regulations (other than, except as provided in these Regulations, a Warranty and Indemnity Provision) and the Procedures shall have statutory obligation of NCC Participants to comply with these Regulations and the Procedures and shall have the</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 28 of the Act</p>

	effect of a contract between the Company and each NCC Participant under which:	
NEW	3.4.6 These Regulations shall apply to the employees and representatives of Clearing Members, and the Clearing Member shall be responsible to ensure their compliance with such Regulations	Clause 26 (4) of the Act stated the applicability of the Regulations. Changes in the Regulations made accordingly.
3.14 Complaints against the Company NEW	3.14 Complaints against the Company 3.14.7 The Company shall have efficient procedures and arrangements for addressing NCC Participants and its other customers complaints related to the NCC System(s). For this purpose, the Company may maintain a software in order to manage complaints, interactions and support provided to NCC Participants and its other customers.	As prescribed in the Act 25 (6), clearing house should maintain efficient framework to address customer complaints. Changes incorporated in the Regulations accordingly.
NEW	3.17 Emergency powers of the Commission. 3.17.1 Where the Commission has reason to believe or decides on the recommendation of the Company, that an Emergency exists or where the Commission considers it necessary or expedient in the interest of the public or section of the public or for the protection of customers or where the Commission takes action under section 13 of the Act, the Commission may direct by notice in writing a Company	Changes incorporated to align this clause as per section 32 of the Act

	<p>to take such action as it considers necessary including but not limited to:</p> <ul style="list-style-type: none"> a. altering conditions of Balance Order Delivery; b. fixing the settlement price at which Securities are to be liquidated; c. requiring additional deposits; d. requiring margins or additional margins for any Securities; and e. modifying or suspending any of the Regulations of the Company, and the Company shall comply with that direction. 	
NEW	3.17.2 Where the Company fails to comply with a direction of the Commission, within such time as is specified by the Commission, the Commission may take necessary actions as it deems appropriate.	Changes incorporated to align this clause as per section 32 (2) of the Act
7C.1.1 Definitions Margin Eligible Securities	7C.1.1 Definitions Margin Eligible Securities	
means securities notified to be acceptable as Collateral pursuant to Regulation 7C.6.3 (<i>Approved Collaterals</i>).	means securities notified to be acceptable as Market Collateral pursuant to Regulation 7C.6.1 (<i>Approved Market Collaterals</i>).	

<p>7C.7 Suspension/Default</p> <p>Where a MT Participant fails to deposit Collaterals against Exposure Margins, Liquidity Margins, Marked-to-Market Losses and, where applicable, Concentration Margins, and fails to settle MT Transaction and MT (R) Transaction, as the case may be or fails to comply with any other requirement of these Regulations, the Company shall initiate necessary default proceedings in accordance with the provisions of Chapter 13 (Money Default Management) of these Regulations. Such proceedings shall be based on the following principles:</p>	<p>7C.7 Suspension/Default</p> <p>Where a MT Participant fails to deposit Market Collaterals against Exposure Margins, Liquidity Margins, Marked-to-Market Losses and, where applicable, Concentration Margins, and fails to settle MT Transaction and MT (R) Transaction, as the case may be or fails to comply with any other requirement of these Regulations, the Company shall initiate necessary default proceedings in accordance with the provisions of Chapter 13 (Money Default Management) of these Regulations. Such proceedings shall be based on the following principles:</p>	
<p>Chapter 9 GENERAL PROVISIONS NEW</p>	<p>Chapter 9 GENERAL PROVISIONS</p>	
<p>NEW</p>	<p>9.15 Accounts and Audit of the Company</p> <p>9.15.1 The Company shall keep proper books of accounts and records of its profit and loss, assets and liabilities and all other transactions of the Company as may be prescribed.</p> <p>9.15.2 The Company shall send audited financial statements to the Commission along with auditors report of the Company for its financial year(s), including a profit and loss account, balance sheet, cash flow statement and such other items as may be prescribed within three months after the end of each financial year or such later time as allowed by</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 35 of the Act</p>

	<p>the Commission.</p> <p>9.15.3 The Commission may, where it deems appropriate, also require operational and regulatory audit to be conducted by an independent auditor in the prescribed manner by the Commission.</p> <p>9.15.4 The auditors report shall be in such a manner as may be prescribed by the Commission.</p> <p>9.15.5 The auditors shall have a right of access at all reasonable times to the books, accounts, vouchers and other records of the Company and shall be entitled to require from officers of the Company such information and explanations as they consider necessary for the performance of their duties as auditor.</p> <p>9.15.6 The accounting and other records required to be reported under Regulation 9.15 shall be preserved by the Company for a period of ten years or such longer period as may be prescribed.</p> <p>9.15.7 Where the Commission is satisfied that it is in the public interest to do so, it may appoint in writing an auditor for special audit, at the expense of the Company, to examine, audit, and report, either generally or in relation to any matter, on the books, accounts and records of the Company. The Commission may appoint special auditors to</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 36 of the Act</p>
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	<p>furnish the Commission with a regulation compliance audit report in the form and manner prescribed.</p> <p>9.15.8 The Company shall, within four months after the end of its financial year or such later time as allowed by the Commission, give to the Commission an annual report that includes information as specified in section 37 of Part III of the Act</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 37 of the Act</p>
<p>NEW</p>	<p>9.16 Appointment of Senior Management Officer</p> <p>9.16.1 The Company shall appoint Senior Management Officer as per the fit and proper criteria prescribed by the Commission for licensed person in accordance with the Act.</p> <p>9.16.2 The Company shall ensure that appointment or removal of its Chief Executive Officer and chief regulatory officer, by whatever name called, is made with the prior approval of the Commission.</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 75 (2) f of the Act also in section 2 (lviii) of the Act Section 23 as well</p> <p>Necessary provision is added to fulfill the requirement as stipulated in section 25 (10) of the Act</p>
<p>CHAPTER 12: RISK MANAGEMENT BY THE COMPANY</p> <p>12.1 DEFINITIONS</p> <p>Bank Guarantee</p> <p>means a guarantee issued by a</p>	<p>CHAPTER 12: RISK MANAGEMENT BY THE COMPANY</p> <p>12.1 DEFINITIONS</p> <p>Bank Guarantee</p> <p>means a guarantee issued by a bank as mentioned below and deposited</p>	

<p>bank as mentioned below and deposited by the Clearing Member in the form acceptable to the Company in order to fulfill their Collateral requirements against their Exposure Margins, Mark-to-Market Losses and where applicable Special Margins. Such Bank Guarantees shall be provided from such banks which meet the following criteria for this purpose.</p> <p>(c) The Company shall maintain a list of banks which satisfy the aforementioned eligibility criteria for issuing the Bank Guarantees acceptable to the Company for satisfying collateral requirements.</p>	<p>by the Clearing Member in the form acceptable to the Company in order to fulfill their Market Collateral requirements against their Exposure Margins, Mark-to-Market Losses and where applicable Special Margins. Such Bank Guarantees shall be provided from such banks which meet the following criteria for this purpose.</p> <p>(d) The Company shall maintain a list of banks which satisfy the aforementioned eligibility criteria for issuing the Bank Guarantees acceptable to the Company for satisfying Market Collateral requirements.</p>	
<p>Irrevocable Undertaking</p> <p>An irrevocable undertaking in the form prescribed by the Company from time to time shall be acceptable collateral against Margins and MtM Losses that may be required by the Company from time to time. Provided that such irrevocable undertakings shall be accepted only from the following Non-Broker Clearing Members for their own obligations:</p>	<p>Irrevocable Undertaking</p> <p>An irrevocable undertaking in the form prescribed by the Company from time to time shall be acceptable Market Collateral against Margins and MtM Losses that may be required by the Company from time to time. Provided that such irrevocable undertakings shall be accepted only from the following Non-Broker Clearing Members for their own obligations:</p>	
<p>Margin Eligible Security</p> <p>means:</p> <p>(a) Treasury Bills (T-Bills), , Pakistan Investment Bonds</p>	<p>Margin Eligible Security</p> <p>means:</p> <p>(a) Treasury Bills (T-Bills), , Pakistan Investment Bonds (PIBs) and listed National</p>	

<p>(PIBs) and listed National Saving Bonds valued in accordance with the methodology prescribed by the Company from time to time with prior approval of the Commission. T-Bills shall be valued using the following valuation methodology while accepting as collateral and:</p>	<p>Saving Bonds valued in accordance with the methodology prescribed by the Company from time to time with prior approval of the Commission. T-Bills shall be valued using the following valuation methodology while accepting as Market Collateral and:</p>	
<p>12.5.6 VALUE OF MARGIN DEPOSIT TO BE MAINTAINED</p> <p>The Company may release any Collateral held against the Collateral requirement of Clearing Member as per the mechanism notified by the Company from time to time, provided that such release of Collateral shall not create any deficiency in the value of the Collateral required to be deposited by such Clearing Member for relevant Market with the Company in terms of these Regulations.</p>	<p>12.5.6 VALUE OF MARGIN DEPOSIT TO BE MAINTAINED</p> <p>The Company may release any Market Collateral held against the Market Collateral requirement of Clearing Member as per the mechanism notified by the Company from time to time, provided that such release of Market Collateral shall not create any deficiency in the value of the Market Collateral required to be deposited by such Clearing Member for relevant Market with the Company in terms of these Regulations.</p>	
<p>12.7.4 ADDITIONAL MARGINS ON LEVERAGED BUYS FINANCED THROUGH MT MARKET:</p> <p>(a) After the settlement of MT Transactions, a</p>	<p>12.7.4 ADDITIONAL MARGINS ON LEVERAGED BUYS FINANCED THROUGH MT MARKET:</p> <p>(a) After the settlement of MT Transactions, a Financee</p>	

<p>Finanee shall pay to the Company the MT (R) Transaction margins in the form of approved Collaterals. The aggregate value of such MT (R) Transaction margins and FPR shall always be higher of 25% or VaR Estimate of that particular MT Eligible Security. In case of shortfall, the Finanee shall be required to cover such shortfall through deposit of approved Collaterals.</p>	<p>shall pay to the Company the MT (R) Transaction margins in the form of approved Market Collaterals. The aggregate value of such MT (R) Transaction margins and FPR shall always be higher of 25% or VaR Estimate of that particular MT Eligible Security. In case of shortfall, the Finanee shall be required to cover such shortfall through deposit of approved Market Collaterals.</p>	
<p>12.3.1 FAILUTE TO DEPOSIT/DEFAULT PROCEEDINGS</p> <p>Upon failure of a Clearing Member to meet his/its obligations in accordance with Chapter 13 of these Regulations the collaterals deposited as margins shall be utilized as per those Regulations.</p>	<p>12.3.1 FAILUTE TO DEPOSIT/DEFAULT PROCEEDINGS</p> <p>Upon failure of a Clearing Member to meet his/its obligations in accordance with Chapter 13 of these Regulations the Market Collaterals deposited as margins shall be utilized as per those Regulations.</p>	
<p>12.3.2 Where a SLB Participant fails to deposit any margin, MtM Losses or special margin as provided in these Regulations or fails to comply with any other requirement of these Regulations, the Company shall initiate default proceedings against such SLB Participant in accordance with these Regulations. Where a SLB Participant fails to deposit Collaterals against exposure margins and MtM Losses and where applicable, special</p>	<p>12.3.2 Where a SLB Participant fails to deposit any margin, MtM Losses or special margin as provided in these Regulations or fails to comply with any other requirement of these Regulations, the Company shall initiate default proceedings against such SLB Participant in accordance with these Regulations. Where a SLB Participant fails to deposit Market Collaterals against exposure margins and MtM Losses and where applicable, special margins, and fails to</p>	

<p>margins, and fails to settle SLB Transaction and SLB (R) Transaction, as the case may be, or fails to comply with any other requirement(s) of these Regulations, the Company shall initiate default proceedings in accordance with the provisions of Chapter 13 (Money Default Management) and other relevant provisions of these Regulations and Procedures.</p>	<p>settle SLB Transaction and SLB (R) Transaction, as the case may be, or fails to comply with any other requirement(s) of these Regulations, the Company shall initiate default proceedings in accordance with the provisions of Chapter 13 (Money Default Management) and other relevant provisions of these Regulations and Procedures.</p>	
<p>12.7.18 On the occurrence of a failure by a Clearing Member to fulfill his Margin requirements and MtM Losses within the period stipulated for this purpose in these Regulations, and on the occurrence of a failure by CDC, being a Non-Broker Clearing Member, to fulfill the Collateral requirements against his client(s) margins and MtM Losses within the period stipulated for this purpose in the Chapter, the Company may, in accordance with the requirements of Chapter 18 (RESTRICTION, SUSPENSION OR TERMINATION OF ACCESS TO SERVICES OFFERED BY THE COMPANY) of these Regulations, suspend and/or restrict the access of such Clearing Member (hereinafter in this Chapter referred to as the</p>	<p>12.7.19 On the occurrence of a failure by a Clearing Member to fulfill his Margin requirements and MtM Losses within the period stipulated for this purpose in these Regulations, and on the occurrence of a failure by CDC, being a Non-Broker Clearing Member, to fulfill the Market Collateral requirements against his client(s) margins and MtM Losses within the period stipulated for this purpose in the Chapter, the Company may, in accordance with the requirements of Chapter 18 (RESTRICTION, SUSPENSION OR TERMINATION OF ACCESS TO SERVICES OFFERED BY THE COMPANY) of these Regulations, suspend and/or restrict the access of such Clearing Member (hereinafter in this Chapter referred to as the “defaulting Clearing Member”) to any or all of the services provided</p>	

<p>“defaulting Clearing Member”) to any or all of the services provided by the Company, provided that the Company may at its discretion elect not to suspend and/or restrict such Clearing Member’s access to any or all of the services offered by the Company in case of those trades / transactions which may result in reducing the Exposure margin of such Clearing Member. Where the Company suspends and/or restricts the access of a defaulting Clearing Member to the services offered by the Company, the Company shall commence action under Chapter 13 of these Regulations.</p>	<p>by the Company, provided that the Company may at its discretion elect not to suspend and/or restrict such Clearing Member’s access to any or all of the services offered by the Company in case of those trades / transactions which may result in reducing the Exposure margin of such Clearing Member. Where the Company suspends and/or restricts the access of a defaulting Clearing Member to the services offered by the Company, the Company shall commence action under Chapter 13 of these Regulations.</p>	
<p>12.7.19 On the occurrence of a failure by a Debt Market Clearing Member to fulfill his margin and/or MtM Losses requirements within the period stipulated for this purpose in this Chapter, the Company may issue a Notice to such Debt Market Clearing Member and take action in the following manner:</p> <p>(a) In case broker Debt Market Clearing Member:</p> <p>The Notice, as mentioned above, shall also be sent to</p>	<p>12.7.19 On the occurrence of a failure by a Debt Market Clearing Member to fulfill his margin and/or MtM Losses requirements within the period stipulated for this purpose in this Chapter, the Company may issue a Notice to such Debt Market Clearing Member and take action in the following manner:</p> <p>(b) In case broker Debt Market Clearing Member:</p> <p>The Notice, as mentioned above, shall also be sent to the Pakistan Stock</p>	

<p>the Pakistan Stock Exchange. Upon receipt of such Notice, such broker Debt Market Clearing Member shall be required to deposit required collateral within the time specified in the said Notice. In case where such broker Debt Market Clearing Member fails to deposit required Collateral within the time specified in the said Notice, such broker Debt Market Clearing Member shall be required to identify the defaulted UIN. Accordingly, the Company shall restrict such UIN's access and ability to take any further position in the Debt Market.</p>	<p>Exchange. Upon receipt of such Notice, such broker Debt Market Clearing Member shall be required to deposit required Market Collateral within the time specified in the said Notice. In case where such broker Debt Market Clearing Member fails to deposit required Market Collateral within the time specified in the said Notice, such broker Debt Market Clearing Member shall be required to identify the defaulted UIN. Accordingly, the Company shall restrict such UIN's access and ability to take any further position in the Debt Market.</p>	
<p>12.9.11 Enforcement of judgments over property subject to market charge, etc.</p> <p>(a) Pursuant to Section 42 of the Securities Act, 2015, notwithstanding anything contained in any other law for the time being in force, where property been provided as</p>	<p>12.9.11 Enforcement of judgments over property subject to Market Charge, etc.</p> <p>(b) Pursuant to Section 42 of the Securities Act, 2015, notwithstanding anything contained in any other law for the time being in force, where property been provided as Market Collateral in the form of margins or</p>	

<p>Collateral in the form of margins or otherwise, no execution or other legal process for the enforcement of a judgment or order may be commenced or continued, and no distress may be levied, against such property by a person seeking to enforce any interest in or security over the property, except with the consent of the Company.</p>	<p>otherwise, no execution or other legal process for the enforcement of a judgment or order may be commenced or continued, and no distress may be levied, against such property by a person seeking to enforce any interest in or security over the property, except with the consent of the Company.</p>	
<p>12.9.14 Property deposited with the Company.</p> <p>(a) Subject to clause 12.9.12(b), where any property is deposited as market collateral by a clearing member with the Company in accordance with these Regulations, then, notwithstanding any other law or rules or regulations, no action, claim or demand, either civil or criminal, in respect of any right, title or interest in such property held or enjoyed by any person shall lie or shall be commenced or allowed, against the Company or its</p>	<p>12.9.14 Property deposited with the Company.</p> <p>(c) Subject to clause 12.9.12(b), where any property is deposited as Market Collateral by a clearing member with the Company in accordance with these Regulations, then, notwithstanding any other law or rules or regulations, no action, claim or demand, either civil or criminal, in respect of any right, title or interest in such property held or enjoyed by any person shall lie or shall be commenced or allowed, against the Company or its nominees.</p> <p>(d) The operation of clause</p>	

<p>nominees.</p> <p>(b) The operation of clause 12.9.12(a), in respect of any property deposited as Collateral with the Company is subject to any modifications and exclusions provided in these Regulations.</p>	<p>12.9.12(a), in respect of any property deposited as Market Collateral with the Company is subject to any modifications and exclusions provided in these Regulations.</p>	
<p>Schedule-II</p> <p><u>FORM OF EXPOSURE MARGINS, MTM LOSSES, SPECIAL MARGINS, CONCENTRATION MARGINS, LIQUIDITY MARGINS AND ADDITIONAL MARGINS DEPOSITS</u></p> <p>Note: 3. Irrevocable Undertaking shall be acceptable collateral from Non-Broker Clearing Member and Non-Broker Trading Financier</p>	<p>Schedule-II</p> <p><u>FORM OF EXPOSURE MARGINS, MTM LOSSES, SPECIAL MARGINS, CONCENTRATION MARGINS, LIQUIDITY MARGINS AND ADDITIONAL MARGINS DEPOSITS</u></p> <p>Note: 3. Irrevocable Undertaking shall be acceptable Market Collateral from Non-Broker Clearing Member and Non-Broker Trading Financier</p>	
<p>Schedule-III</p> <p><u>MARGIN ELIGIBLE SECURITIES</u></p> <p>The following limits shall be applied for the maximum number of shares in any eligible scrip that may be deposited by a Clearing Member or SLB/MT Participants for collateral purposes:</p> <p>MAXIMUM NUMBER OF SHARES IN A SYMBOL</p>	<p>Schedule-III</p> <p><u>MARGIN ELIGIBLE SECURITIES</u></p> <p>The following limits shall be applied for the maximum number of shares in any eligible scrip that may be deposited by a Clearing Member or SLB/MT Participants for Market Collateral purposes:</p> <p>MAXIMUM NUMBER OF SHARES IN A SYMBOL THAT</p>	

<p>THAT MAY BE DEPOSITED AS COLLATERAL</p>	<p>MAY BE DEPOSITED AS MARKET COLLATERAL</p>	
<p>13.2 Actions in the Event of Suspension or Restriction of the Suspended Clearing Member’s access to services offered by the Company</p> <p>Secondly from the funds realized by using cash and/or cash equivalent deposited by such Clearing Member as collateral to the Company</p>	<p>13.2 Actions in the Event of Suspension or Restriction of the Suspended Clearing Member’s access to services offered by the Company</p> <p>Secondly from the funds realized by using cash and/or cash equivalent deposited by such Clearing Member as Market Collateral to the Company</p>	
<p>13.2.5 a Upon suspension of a Clearing Member due to his failure to meet the money obligations either on his proprietary account or on account of his clients, the collaterals held by the Company shall be dealt with in the following manner:</p> <p>i. The collaterals in the form of Margin Eligible Securities and/or Cash/Bank Guarantee deposited by the Clearing Member and/or pledged book-entry securities under these Regulations shall be retained by the Company against all trades executed through such Clearing Member and held by the Company with respect to each of the markets and shall be subject to and applied exclusively in accordance with these Regulations. These margins shall remain available to the Company till the satisfaction of all money and/or delivery obligation and/or any other obligation ascertained after squaring-up and/or closing out of the Clearing Member’s positions (including proprietary</p>	<p>13.2.5 a Upon suspension of a Clearing Member due to his failure to meet the money obligations either on his proprietary account or on account of his clients, the Market Collaterals held by the Company shall be dealt with in the following manner:</p> <p>i. The Market Collaterals in the form of Margin Eligible Securities and/or Cash/Bank Guarantee deposited by the Clearing Member and/or pledged book-entry securities under these Regulations shall be retained by the Company against all trades executed through such Clearing Member and held by the Company with respect to each of the markets and shall be subject to and applied exclusively in accordance with these Regulations. These margins shall remain available to the Company till the satisfaction of all</p>	

<p>position and/or clients` positions) as provided in these Regulations. In such case of liquidation of collaterals as margins such Clearing Member or sub-account holders who have provided authority under these Regulations, as the case may be, shall have no claims whatsoever against the Company. Provided the collaterals of the defaulting Clearing Member shall be utilized.</p> <p>(ii) The collaterals derived by the Company from the respective sub-accounts of clients of a Clearing Member shall be retained and utilized by the Company to the extent of margin requirement against their trades/transactions and relevant Mark-to-Market losses on UIN basis, whereby such collaterals will remain available to the Company till the satisfaction of all money and/or charges related to the trading of such client, ascertained after squaring-up and/or closing out of the concerned Clearing Member`s position. In such case of liquidation of Market Collaterals as margin on UIN basis, such clients shall have no claims whatsoever against the Company. No collateral shall be so utilized in excess of the margin requirements</p>	<p>money and/or delivery obligation and/or any other obligation ascertained after squaring-up and/or closing out of the Clearing Member`s positions (including proprietary position and/or clients` positions) as provided in these Regulations. In such case of liquidation of Market Collaterals as margins such Clearing Member or sub-account holders who have provided authority under these Regulations, as the case may be, shall have no claims whatsoever against the Company. Provided the Market Collaterals of the defaulting Clearing Member shall be utilized.</p> <p>(ii) The Market Collaterals derived by the Company from the respective sub-accounts of clients of a Clearing Member shall be retained and utilized by the Company to the extent of margin requirement against their trades/transactions and relevant Mark-to-Market losses on UIN basis, whereby such Market Collaterals will remain available to the Company till the satisfaction of all money and/or charges related to the trading of such client, ascertained after squaring-up and/or closing out of the concerned Clearing</p>	
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<p>against the trades/transactions of that client and the respective Mark-to-Market losses.</p> <p>While disposing of the unsettled Balance Order, collaterals, in the form of Margin Eligible Securities, cash and/or bank guarantee, of clients of a Clearing Member kept as margin, the Company shall have the absolute discretion to liquidate such Market Collaterals/unsettled Balance Order in preference to others to meet the obligations of Company.</p>	<p>Member's position. In such case of liquidation of Market Collaterals as margin on UIN basis, such clients shall have no claims whatsoever against the Company. No Market Collateral shall be so utilized in excess of the margin requirements against the trades/transactions of that client and the respective Mark-to-Market losses.</p> <p>d. While disposing of the unsettled Balance Order, Market Collaterals, in the form of Margin Eligible Securities, cash and/or bank guarantee, of clients of a Clearing Member kept as margin, the Company shall have the absolute discretion to liquidate such Market Collaterals/unsettled Balance Order in preference to others to meet the obligations of Company.</p>	
<p>NEW</p>	<p>13.3.6 The Company shall, upon completion by it of any default proceedings, prepare a report on such proceedings stating in respect of each defaulter, the details and information specified in Section 39 Part III of the Act to the:</p> <ul style="list-style-type: none"> a. Commission; b. the relevant securities exchange; 	<p>Necessary provision is added to fulfill the requirement as stipulated in section 39 of the Act</p>

	<p>c. the CDC; and</p> <p>d. the defaulter to whom the report relates</p>	
NEW	<p>13.3.7 Section 406 and 407 of the Companies Ordinance, 1984 (XLVII of 1984) shall not apply in relation to any act, matter or thing which has been done pursuant to the conditions as specified in section 41 Part III on the Act</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 41 of the Act</p>
<p>CHAPTER 18: RESTRICTION, SUSPENSION OR TERMINATION OF ACCESS TO SERVICES OFFERED BY THE COMPANY</p> <p>18.2 Notice to NCC Participant before taking action</p> <p>18.2.1 Before restricting, suspending or terminating, as the case may be, a NCC Participant access to services offered by the Company pursuant to this Chapter, the Company shall</p> <p>notify such NCC Participant pursuant to Regulation 18.2.2, except where action has been taken by the Company pursuant to paragraphs (a), (b) (c), (d), (h) and (i) of Regulation 18.1.1.</p>	<p>CHAPTER 18: RESTRICTION, SUSPENSION OR TERMINATION OF ACCESS TO SERVICES OFFERED BY THE COMPANY</p> <p>18.2 Notice to NCC Participant before taking action</p> <p>18.2.1 Before restricting, suspending or terminating, as the case may be, a NCC Participant access to services offered by the Company pursuant to this Chapter, the Company shall:</p> <p>a. immediately inform the Commission in writing of the name of the NCC Participant, the reason for and nature of the action taken, the amount of any sum imposed by way</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 30 of the Act</p>

	<p>of penalty and the period of any suspension</p> <p>b. notify such NCC Participant pursuant to Regulation 18.2.2,</p>	
<p>18.2.2 Any Notice required to be given by the Company pursuant to Regulation 18.2.1 shall set forth the specific grounds upon which any restriction, suspension, or termination, as the case may be, of access may be based and shall call upon the NCC Participant to show cause as to why his access to the services offered by the Company should not be restricted, suspended or terminated, as the case may be, on account of the grounds set out in the said Notice. If a reply to such Notice is not received by the Company within seven Business Days after it is received by the NCC Participant or such a reply is received but is not found satisfactory by the Company, the Company may by a further two Business Days Notice to the NCC Participant restrict, suspend or terminate, as the case may be, the NCC Participant's access to the services offered by the Company. The NCC Participant shall have a right to request a hearing against such action of the Company. Such request shall be required to be filed by such NCC Participant pursuant to Chapter 23 (HEARING AND APPEAL PROCEDURES) within seven Business Days after he has received the said further Notice</p>	<p>18.2.2 The Company shall issue Notice to the NCC Participant before applying restriction, suspension, or termination, as the case may be or otherwise takes disciplinary action against the NCC Participant and shall grant an opportunity of being heard to such NCC Participant.. The NCC Participant shall have a right to request a hearing against such Notice of the Company. Such request shall be required to be filed by such NCC Participant pursuant to Chapter 23 (HEARING AND APPEAL PROCEDURES) within seven Business Days after it has received the said Notice from the Company. If a reply to such Notice is not received by the Company within the stipulated time from such NCC Participant or such a reply is received but is not found satisfactory by the Company, the Company may restrict, suspend or terminate, as the case may be, the NCC Participant's access to the services offered by the Company.. Provided that where the Company is satisfied that delay in the suspension of such NCC Participant shall be detrimental to the interest of investors or the public in general, the Company may, after recording reasons in writing, immediately restrict, suspend or terminate, as the case</p>	

<p>from the Company. Notwithstanding such request for hearing, the restriction, suspension or termination, as the case may be, of the NCC Participant's access to the services offered by the Company shall remain effective, unless the decision of the Tribunal in the hearing. Provided that where the Company is satisfied that delay in the suspension of such NCC Participant shall be detrimental to the interest of investors or the public in general, the Company may, after recording reasons in writing, immediately restrict, suspend or terminate, as the case may be, a NCC Participant access to services offered by the Company till the time</p>	<p>may be, a NCC Participant access to services offered by the Company till the time an opportunity of hearing is provided to such NCC Participant as pursuant to Chapter 23 (HEARING AND APPEAL PROCEDURES) and a final decision is taken within a period of not more than thirty days.</p>	
<p>18.2.3 In the event that the Company has restricted, suspended or terminated, as the case may be, a NCC Participant's access to the services offered by the Company pursuant to Regulation 18.2, the Company shall take such action(s) as are set out in Chapter 15 (WHEN THE COMPANY RESTRICTS, SUSPENDS OR TERMINATES ITS SERVICES TO A NCC PARTICIPANT), except as otherwise provided in these Regulations.</p>	<p>18.2.3 In the event that the Company has restricted, suspended or terminated, as the case may be, a NCC Participant's access to the services offered by the Company pursuant to Regulation 18.2, the Company shall take such action(s) as are set out in Chapter 15 (WHEN THE COMPANY RESTRICTS, SUSPENDS OR TERMINATES ITS SERVICES TO A NCC PARTICIPANT), except as otherwise provided in these Regulations.</p>	
<p>NEW</p>	<p>18.2.4 The Commission may, on its own motion or on application by an aggrieved</p>	<p>Changes incorporated to align this clause as per section 30 (3) of the Act</p>

<p>NEW</p> <p>NEW</p>	<p>person, review any disciplinary action taken by a Company pursuant to Regulation 18.2 may affirm, modify or set aside the decision of the Company after giving the NCC Participant and the Company an opportunity of being heard.</p> <p>18.2.5 In any case where a Company fails to act against NCC participant pursuant to Regulation 18.2, the Commission, in such case shall have the power to suspend, expel or otherwise disciplining NCC Participant, but before doing so the Commission shall give such NCC Participant and the Company an opportunity to be heard</p> <p>18.2.6 Any action taken by a Company pursuant to Regulation 18.2 shall be without prejudice to the power of the Commission to take such further action as it deems fit with regard to the NCC Participant or its license</p>	<p>Changes incorporated to align this clause as per section 30 (4) of the Act</p> <p>Changes incorporated to align this clause as per section 30 (5) of the Act</p>
<p>18.3 Summarily restriction, suspension or termination</p> <p>Notwithstanding Regulation 18.2.1 the Company</p>	<p>18.3</p>	

<p>may summarily restrict, suspend or terminate, as the case may be, a NCC Participant 's access to services offered by the Company in the event that either one or more of conditions (a), (b), (c), (d), (h) and (i) of Regulation 18.1.1 apply to such NCC Participant.</p> <p>18.3.2 In the event that the Company has summarily restricted, suspended or terminated, as the case may be, a NCC Participant's access to the services offered by the Company, the Company shall take such action(s) as are set out in Chapter 15 (WHEN THE COMPANY RESTRICTS, SUSPENDS OR TERMINATES ITS SERVICES TO A NCC PARTICIPANT), except as otherwise provided in these Regulations.</p>		
<p>CHAPTER 19: INSOLVENCY</p> <p>19.3 Notice by the Company of action taken</p> <p>NEW</p>	<p>CHAPTER 19: INSOLVENCY</p> <p>19.3 Notice by the Company of action taken</p> <p>19.3.3 Where action has been taken by the Company in accordance with clause 19.3.1 read with clause 18.1, the following shall not be to any extent invalid at law on the ground of inconsistency with the law relating to the distribution of the assets of a person on insolvency,</p>	<p>Necessary provision is added to fulfill the requirement as stipulated in section 38 of the Act</p>

<p>NEW</p>	<p>bankruptcy or winding up or on the appointment of a receiver over any of the assets of a NCC Participant:</p> <ul style="list-style-type: none"> (a) a market contract; (b) the Regulations of a Company relating to the settlement of a market contract; (c) any proceedings or other action taken under these Regulations relating to the settlement of a market contract; (d) a market charge; (e) the Chapter 13 of these Regulations; or (f) any default proceedings. <p>19.3.4 No person, nor a court acting under the laws of insolvency, may exercise any power to prevent or interfere with:</p> <ul style="list-style-type: none"> (a) the settlement of a market contract in accordance with these Regulations; or (b) any default proceedings. 	
<p>CHAPTER 22: AMENDMENTS IN THE REGULATIONS</p> <p>22.1 Amendment in, addition to or substitution of the Regulations</p> <p>22.1.1 The Company may at any time make amendments to, including additions to or deletions from or substitution of these</p>	<p>CHAPTER 22: AMENDMENTS IN THE REGULATIONS</p> <p>22.1 Amendment in, addition to or substitution of the Regulations</p> <p>22.1.1 The Company may at any time make amendments to, including additions to or deletions from or substitution of these Regulations with prior written approval of</p>	<p>Changes incorporated to align this clause as per section 26 (5) of the Act</p>

<p>Regulations with prior written approval of SECP under section 27 of the Securities Act, 2015. Any such amendment, addition or substitution shall be notified in the official Gazette and shall take effect on such date as may be specified in the notification.</p>	<p>SECP under section 27 of the Securities Act, 2015. Any such amendment, addition or substitution shall be notified in the official Gazette and shall take effect on such date as may be specified in the notification. The power to make amendments of these Regulations shall be subject to the condition of previous publication of the said Regulations on the website of the Company along with a rational for eliciting public opinion thereon within a period of not less than seven days from the date of its publication placement on website</p>	
<p>NEW</p>	<p>22.1.3 The Commission may, by notice in writing served on the Company, require it</p> <ul style="list-style-type: none"> a. To make Regulations specified in the notice within the period specified; or b. to amend Regulations referred to in the notice in the manner and within the period specified in the notice. 	<p>Changes incorporated to align this clause as per section 26 (6) of the Act</p>
<p>NEW</p>	<p>22.1.4 Where the Commission is satisfied that the Company has not complied with a requirement referred to in as per clause 22.1.3 within the specified period the Commission may make or amend the Regulations</p>	<p>Changes incorporated to align this clause as per section 26 (7) of the Act</p>

	<p>specified in the notice instead of the Company and the Regulations so made or amended shall be deemed to have been made or amended by the Company and shall have effect accordingly.</p>	
<p>CHAPTER 24: RELEASE OF CLEARING DATA</p> <p>24.1 Disclosure of Clearing Data</p> <p>NEW</p> <p>NEW</p>	<p>CHAPTER 24: RELEASE OF CLEARING DATA</p> <p>24.1 Disclosure of Clearing Data</p> <p>24.1.7 The Company shall preserve confidentiality with regard to all information in its possession concerning its Clearing Members and their customers, except that such information may be disclosed by the Company as and when required in writing to do so by the Commission or by the Securities Exchange under its regulations or required under other law for the time being in force or if it is ordered to do so by a court of law.</p> <p>24.1.8 The Company shall provide assistance to the Commission as the Commission may require for the performance of the functions and duties of the Commission, including the furnishing of such returns and the provision of such books and other information relating to the business of the Company or in respect of any trading</p>	<p>Clause 25 (5) of the Act require clearing house to maintain confidentiality that need to cover in the Regulations</p> <p>Necessary provision is added to fulfill the requirement as stipulated in section 29 of the Act</p>

	<p>in Securities, any clearing arrangements for Securities or any other information as the Commission may require from time to time for the proper administration of the Act</p>	
<p>CHAPTER 28: REGULATIONS FOR COMPUTATIONS, DETERMINATION, COLLECTION AND DEPOSIT OF CAPITAL GAIN TAX ON DISPOSAL OF LISTED SECURITIES AND OTHER RELATED MATTERS (CGT REGULATIONS)</p> <p>28.1. Definitions</p> <p>Listed Securities means securities listed on Pakistan Stock Exchange and declared NCSS Eligible Securities by the Company;</p>	<p>CHAPTER 28: REGULATIONS FOR COMPUTATIONS, DETERMINATION, COLLECTION AND DEPOSIT OF CAPITAL GAIN TAX ON DISPOSAL OF LISTED SECURITIES AND OTHER RELATED MATTERS (CGT REGULATIONS)</p> <p>28.1. Definitions</p> <p>Listed Securities</p> <p>i. means securities listed on Pakistan Stock Exchange and declared NCSS Eligible Securities by the Company;</p> <p>ii. means an instrument on which purchase or sale of a futures contract is executed at the stock exchange and/or futures exchange under the Act</p>	<p>Section (l) (lii) I a exclude futures from securities. For CGT Purposes, definition of Listed Securities has been revised to cover NCCPL CGT computation for futures trades.</p>