



**National Clearing Company of Pakistan Limited**

8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi

**NCCPL/CM/JULY-21/03**

**July 6, 2021**

**CAPITAL ADEQUACY REQUIREMENT**  
**REVIEWED/AUDITED FINANCIAL STATEMENTS CONTAINING CERTIFICATE OF**  
**NET CAPITAL BALANCE “NCB” and LIQUID CAPITAL STATEMENT**

**Dear Broker Clearing Members,**

All Broker Clearing Members “BCMs” are hereby notified to submit following statements Audited/ Reviewed (whichever is applicable):

- (i) **Net Capital Balance “NCB”** statement as of June 30, 2021 in accordance with Regulation 6(3) of Securities Brokers (Licensing & Operation) Regulations, 2016;
- (ii) **Liquid Capital “LC”** statement as of June 30, 2021 in accordance with Securities and Exchange Commission of Pakistan (SECP) letter (Ref No. SMD/SE/220/2016/134) dated June 30, 2021 (attached Annexure I).

In light of the above, BCMs’ whose financial year end is **December 31** shall submit their external auditor **reviewed second quarter NCB & LC** statements to NCCPL latest by **September 15, 2021**. BCMs’ whose financial year end is **June 30** shall submit their **annual audited financial statements** including **NCB & LC** statements to NCCPL latest by **October 31, 2021**.

Please note that above stated submissions shall only be accepted during **business hours (i.e. till 5:30 PM)** and the subsequent NCB & LC value adjustment in NCCPL systems shall take place within **two working days’** post submission.

Further, BCMs’ who wish to allocate a portion of their **NCB & LC** for **Debt Market** trading are requested to intimate allocated values to NCCPL accordingly in line with the NCCPL regulations 2015.

Please be advised that non-compliance of above stated timelines may result in enforcement action as prescribed under **Regulation 6(6) of Securities Brokers (Licensing & Operation) Regulations, 2016;**

*“In case of non-submission of statements of net capital balance and liquid capital within a time period as may be notified by the exchange, and clearing house or any shortfall in the net capital balance and/or liquid capital, either reported by the securities broker or identified by the securities exchange, clearing house or the Commission, the securities exchange, and clearing house shall immediately restrict the trading facility of such securities broker and shall only allow it to close out the open position in a controlled environment.”*

It is further clarified that for the latest submission the above prescribed regulatory action with respect to non-compliance of meeting the minimum **NCB/LC** threshold shall remain applicable (i.e. minimum Rs.5 million). Further, the maximum allowable exposure allocation would remain on the basis of **Net Capital Balance** till further notice / directive issued by SECP.

In addition to the above reviewed/ audited statements; BCMs shall continue to submit monthly unaudited **Net Capital Balance “NCB”** and **Liquid Capital “LC”** statements with securities exchange and clearing house as per **Regulation 6(3) of Securities Broker (Licensing & Operation) Regulations, 2016**, in a timely manner.

Further, please be informed that Securities & Exchange Commission of Pakistan Limited “SECP” vide its letter dated June 30, 2021 approved the Regulations that securities broker should have maintain minimum Rs.5 million of Liquid Capital with effect from **August 01, 2021**.

For any further queries or concerns, please feel free to contact the Customer Support Department at UAN No. 021-111-111-622.

**Regards,**

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**Adnan Akhter**  
**Senior Manager – PD & CSS**

**CC:**

**Chief Executive Officer - Pakistan Stock Exchange Limited**

## Annexure I



SECP

No. SMD/SE/260/2016/134

June 30, 2021

**Mr. Farrukh H. Khan**  
Chief Executive Officer  
Pakistan Stock Exchange Limited  
Karachi.

**Mr. Muhammad Lukman**  
Chief Executive Officer  
National Clearing Company of Pakistan Limited  
Karachi.

**Subject: Implementation of Liquid Capital Requirements on Securities Brokers**

Dear Sir(s),

This is in continuation to the Securities and Exchange Commission of Pakistan (SECP) letter of even number dated May 03, 2021 on the subject matter. In this regard, I am directed to communicate that the SECP in exercise of its power under the Securities Brokers (Licensing and Operations) Regulations, 2016 has approved the following:

1. The cutoff date for phased implementation of minimum threshold of Liquid Capital (LC) and relevant ratios has been further extended till August 01, 2021. Securities brokers shall be required to maintain minimum LC effective August 01, 2021, as follows:

Category	Minimum LC (August 01, 2021)
Trading Only* (which have not fully transferred custody)	Rs. 5 million
Trading and Self-Clearing	Rs. 10 million
Trading and Clearing	Rs. 15 million

*\*The requirement to maintain LC and to submit the statement of LC shall not be applicable on a securities broker which has converted to Trading Only category and has completely transferred its custody and clearing function including proprietary.*

2. Securities brokers shall submit to the securities exchange and the clearing house the audited financial statements disclosing the LC or submit reviewed half yearly LC statements, whichever is applicable, depending on the end of financial year, from cutoff date of June 30, 2021 onwards as per the regulatory requirements.

Regards,

**(Salman Arshad)**  
Additional Joint Director