



**National Clearing Company of Pakistan Limited**

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

**NCCPL/CM/SEPTEMBER-21/20**

**September 28, 2021**

**IMPLEMENTATION OF FINANCIAL RESOURCE REQUIREMENTS ON SECURITIES BROKERS**

**Dear Market Participants,**

This is in furtherance to notice issued by Pakistan Stock Exchange Limited “PSX” reference number PSX/N-1158 dated September 27, 2021 whereby PSX has informed regarding the implementation of financial resource requirement as prescribed under Regulation 6 of the Securities Brokers (Licensing & Operations) Regulations, 2016 with effect from October 01, 2021. Accordingly, following minimum balance of Liquid Capital ‘LC’ is required to be maintained:

Category of Securities Broker	Minimum LC Balance
Trading Only	PKR 5 million
Trading and Self Clearing	PKR 10 million
Trading and Clearing	PKR 50 million

In this regard, the Trading Only Securities Brokers (keeping limited Custody), Trading and Self Clearing Securities Brokers and Trading and Clearing Securities Broker, hereinafter collectively referred to as “Securities Broker Clearing Member”, in pursuance of provisions contained under Regulation 12.3 of the NCCPL Regulations, 2015 and Regulation 6 of Securities Brokers (Licensing & Operations) Regulations, 2016 are required to submit monthly unaudited LC statement and bi-annually a certificate or financial statements disclosing LC balance, as the case may be, from its statutory Auditor confirming their LC balance.

Further, Regulation 12.3.4 of the NCCPL Regulations, 2015 prescribes that the Company may utilize the latest audited/reviewed LC or audited/reviewed financial statement disclosing LC or unaudited monthly LC statement, till such time audited/reviewed LC or audited/reviewed financial statement disclosing LC is submitted and in such manner as specified by the Company, for allowing exposure to a Securities Broker Clearing Member at the time when the requirement to submit NCB is discontinued, as a onetime measure to facilitate the Securities Broker Clearing Members.

As explained above, in order to facilitate the Securities Broker Clearing Members with respect to implementation of financial resource requirement, the Company in exercise of the provision available under the above referred Regulations shall allow exposure to the Securities Broker Clearing Members based on unaudited LC statements as on September 30, 2021 submitted to the Company in the following manner:

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1. The unaudited LC Statements as on September 30, 2021 will be submitted to the Company on October 15, 2021.
2. The exposure in all markets shall be allowed based on the unaudited LC as on September 30, 2021.
3. In case where the unaudited LC statement as on September 30, 2021 is below the threshold prescribed for respective category of the securities broker, the Company shall take action as prescribed under Securities Brokers (Licensing & Operations) Regulations, 2016 and NCCPL Regulations, 2015.
4. Securities Broker Clearing Members shall also intimate the amount of unaudited LC as on September 30, 2021 to be allocated to the Debt Market.
5. All the Securities Brokers Clearing Members shall submit their audited / reviewed LC Statements/ financial statements disclosing the LC as on June 30, 2021 by November 01, 2021.
6. After receiving the audited LC Statements as on June 30, 2021 by November 01, 2021; following course of action will be adopted:
  - a. The audited LC as on June 30, 2021 shall be compared with unaudited LC statements as on September 30, 2021 and exposure will be allowed based on the lower of audited LC as on June 30, 2021 or unaudited LC as on September 30, 2021.
  - b. Where the audited LC as on June 30, 2021 is below the prescribed threshold when compared with the unaudited LC balance submitted as on September 30, 2021, in such case the concerned Securities Broker Clearing Member shall be required to submit its audited/reviewed LC statement as on September 30, 2021 within the time prescribed by the PSX, however, the concerned Securities Broker Clearing member shall continue to take exposure till stipulated time period based on its unaudited LC balance as on September 30, 2021.
  - c. The allocation of audited LC balance as on June 30, 2021 to Debt Market shall be done by the Company based on the allocation carried out by the Securities Broker Clearing Member at the time of submitting the unaudited LC statement as on September 30, 2021, however, any change in the allocation may be requested at the time of submitting the audited /reviewed LC Statement or financial statements disclosing the LC balance as on June 30, 2021.

Further, as per Regulation 12.3.2A of NCCPL Regulations, 2015, In case where any excess exposure in any market is observed subsequently due to change in LC amount, the same shall be reduced to comply with the exposure limits prescribed under NCCPL Regulations, 2015 within 15 working days counted subsequent to the day of occurrence of breach in Exposure limit. However, the Company may, for reasons to be recorded may relax this requirement subject to such terms and conditions as are considered appropriate under the circumstances with the prior approval from the Commission.



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All Securities Brokers Clearing Members are advised to note the above for information and timely compliance.

For any further queries or concerns, please feel free to contact the Customer Support Department at UAN 021-111-111-622.

Yours truly,

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**Kashif Alam Khan**  
**Chief Risk Officer**

**Regards,**

**CC:**

1. Executive Director/HOD - Policy, Regulation and Development Department - SMD Securities & Exchange Commission of Pakistan - Islamabad
2. Chief Executive Officer - Pakistan Stock Exchange Limited
3. Chief Executive Officer - Central Depository Company of Pakistan Limited
4. Chief Executive Officer - Mutual Fund Association of Pakistan
5. Chairman - Pakistan Banking Association
6. Pakistan Stock Brokers Association
7. Managing Director – Pakistan Mercantile Exchange Limited ( For Circulation to all Authorized Intermediaries of PMEX)