



ISO 27001 Certified

National Clearing Company of Pakistan Limited

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

NCCPL/CM/APRIL-16/04

April 8, 2016

Subject: Transfer of Risk Management Function to NCCPL

Dear Broker Clearing Members of Karachi Location,

1. The National Clearing Company of Pakistan Limited (“NCCPL”) currently performs the risk management for trades/transactions of Ready and Futures Market executed by its Non-Broker Clearing Members (NBCMs) through Financial Institutions Risk Management System (FIRMS) whereas, risk management of Broker Clearing Members (BCMs) is performed by the Pakistan Stock Exchange (PSX). Moreover, NCCPL also perform risk management functions for trades which are recorded in Debt and Leveraged Markets by all Clearing Members (CMs).
2. With the promulgation of Securities Act, 2015 “the Act”, the NCCPL in accordance with the provisions of the Act, shall perform the entire risk management of capital market trades that includes risk management of all BCMs. Accordingly, risk management functions, presently performed by PSX for BCMs shall be transferred to the NCCPL.
3. For smooth transfer and avoid any inconvenience to the BCM, the transfer of Risk Management shall take place in different stages. In the first stage, present risk management system of PSX shall be operated by NCCPL **effective from Monday, April, 11 2016**. All BCMs are requested to contact the NCCPL for risk management related matters from said date as per the following contact details.

City	Address	Telephone Numbers	Fax Number
Karachi	8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi	021-32460811-19 Ext. 252, 253, 254, 255, 256 & 257 Dir. 32462658, 35274449	021-32460827

4. In the second stage, NCCPL shall implement its own risk management system and effective date of the same will be notified by the NCCPL in due course.



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In order to effect the transfer of risk management to NCCPL pertaining to BCMs, the BCMs needs to execute Tripartite Agreement with NCCPL and their respective settling bank / banks for cash management system to replace their existing Tripartite Agreement signed with PSX.

We are enclosing herewith the draft agreement to be signed among BCM, Settling Bank and NCCPL. The BCMs are requested to review the attached agreement and send us their consent along with necessary information. Accordingly, we shall provide the agreement to BCMs for their signatures and respective Settling Bank.

For any further queries or concerns, please feel free to contact the Customer Support Services of Karachi location.

City	Telephone Number	UAN Number	Fax Number
Karachi	021-32460811-19 Ext. 214, 217 & 218 Dir. 021-32438531-32-33	111-111-622	021-32462825

Regards,

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Rehan Saif
Head of PD & CSS

CC:

1. Executive Director – Policy, Regulation and Development Department - SMD
Securities and Exchange Commission of Pakistan - Islamabad
2. Managing Director – 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