

**Proposed Changes in the NCCPL Regulations Pertaining to IDS facility of Foreign Institutional Investors
settling trades directly with CCMs**

Existing Regulations	Proposed Changes	Rational
<p>2.8 Definitions</p> <p>UIN Registration Details means: the following details of the trading accounts of the Broker Clearing Members:</p> <p>(i) Client name;</p> <p>(ii) Applicable UIN;</p> <p>(iii) Client Code/Client ID issued by a Broker Clearing Member;</p> <p>(iv) Client Type; and</p> <p>(v) CDS house, investor account and/or sub-account number, as the case may be.</p> <p>EXPLANATION: <u>Client Code / Client ID</u> means the Code or ID assigned by the Broker Clearing Members to their clients in their back office system and on the Stock Exchanges' trading terminal.</p> <p>A Client Code once used for a client cannot be assigned to another client of the same Broker Clearing Member even after the closure of the account. Thus a Client Code once assigned against a UIN cannot be changed / altered or assigned to another client of the same Clearing Member ID and Trader ID.</p> <p>Client Codes which are tagged with the Trader IDs of BCMs of Lahore Stock Exchange and Islamabad Stock Exchange</p>	<p>UIN Registration Details means: the following details of the trading accounts of the Broker Clearing Members:</p> <p>(v) Client name;</p> <p>(vi) Applicable UIN;</p> <p>(vii) Client Code/Client ID issued by a Broker Clearing Member;</p> <p>(viii) Client Type; and</p> <p>(v) CDS house, investor account and/or sub-account number, as the case may be.</p> <p>EXPLANATION: <u>Client Code / Client ID</u> means the Code or ID assigned by the Broker Clearing Members to their clients in their back office system and on the Stock Exchanges' trading terminal.</p> <p>A Client Code once used for a client cannot be assigned to another client of the same Broker Clearing Member even after the closure of the account. Thus a Client Code once assigned against a UIN cannot be changed / altered or assigned to another client of the same Clearing Member ID and Trader ID.</p> <p>Client Codes which are tagged with the Trader IDs of BCMs of Lahore Stock Exchange and Islamabad Stock Exchange shall be tagged with the new</p>	<p>Changes are required in the UIN Tagging Mechanism whereby, BCM will be required to create a mapping of foreign investor UIN with the client codes with prior approval of NCCPL</p>

<p>shall be tagged with the new Trader IDs of such BCMs, issued by the Pakistan Stock Exchange after the integration of Stock Exchanges.</p> <p><u>Client Name</u> means the name of the client of the Broker Clearing Member, as evident from any registration document referred to or contemplated in the definition of UIN above.</p> <p><u>Client Type</u> means the status of the client of a Broker Clearing Member. This can be one of the following:</p> <ul style="list-style-type: none"> (i) individual Pakistani citizen (which will include individual Broker) (ii) individual foreigner/overseas foreign national of Pakistani origin/non Pakistani residing in Pakistan (iii) Non-Individual (local or foreign): <ul style="list-style-type: none"> (a) corporate Broker; (b) company registered with the Commission; (c) all other entities described in the definition of UIN. <p>CDS house, investor account and/or sub-account number means the CDS house, investor account and/or sub-account number that shall be required to be mapped with the respective UIN Registration Details in a manner whereby UINs appearing in the CDS house, investor account and/or sub-account shall be similar with the NCSS UIN Registration Details.</p>	<p>Trader IDs of such BCMs, issued by the Pakistan Stock Exchange after the integration of Stock Exchanges.</p> <p><u>Client Name</u> means the name of the client of the Broker Clearing Member, as evident from any registration document referred to or contemplated in the definition of UIN above.</p> <p><u>Client Type</u> means the status of the client of a Broker Clearing Member. This can be one of the following:</p> <ul style="list-style-type: none"> (iv) individual Pakistani citizen (which will include individual Broker) (v) individual foreigner/overseas foreign national of Pakistani origin/non Pakistani residing in Pakistan (vi) Non-Individual (local or foreign): <ul style="list-style-type: none"> (c) corporate Broker; (d) company registered with the Commission; (c) all other entities described in the definition of UIN. <p>CDS house, investor account and/or sub-account number means the CDS house, investor account and/or sub-account number that shall be required to be mapped with the respective UIN Registration Details in a manner whereby UINs appearing in the CDS house, investor account and/or sub-account shall be similar with the NCSS UIN Registration Details.</p>	
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<p>However, multiple client codes of a same UIN under same Clearing Member may be mapped with the single CDS house, investor account and/or sub-account under the same CDS Account Holder of the same UIN. Aforementioned requirement shall not be applicable for client codes pertaining to the Non-broker Clearing Member, clients having CDS sub-account maintained with the Custodian Clearing Member of the Company, those clients not registered for the purposes of trading in the Stock Exchanges, and for those clients which may be allowed by the Commission from time to time</p>	<p>However, multiple client codes of a same UIN under same Clearing Member may be mapped with the single CDS house, investor account and/or sub-account under the same CDS Account Holder of the same UIN. Aforementioned requirement shall not be applicable for client codes pertaining to the Non-broker Clearing Member, clients having CDS sub-account maintained with the Custodian Clearing Member of the Company, those clients not registered for the purposes of trading in the Stock Exchanges, and for those clients which may be allowed by the Commission from time to time. <u>Provided that in case, where Broker Clearing Member intends to open client code(s) of a foreign institutional investor who will execute trades/transactions on account of his other client, in such case, the Broker Clearing Member shall be required to map a CDC sub-account of foreign institutional investor with the respective UIN Registration Details. Broker Clearing Member, before registering such foreign institutional investor, shall be required to obtain approval from the Company for such registration and provide to the Company, necessary supporting documents duly attested by Broker Clearing Member. The Company, after review shall allow mapping the respective UIN. The Company may, however, reject any such request at its sole discretion.</u></p>	
<p>9.10.2 Clearing & Settlement of Custodian Clearing Member</p>		<p>Spot trading (T+1 Settlement) no longer prevails in PSX during</p>

<p><u>2.</u> Such IDS transactions shall be initiated, in any of the NCSS live securities based on Exchange Trade received in NCSS as locked-in contract, by Broker Clearing Member only on Trade Date and affirmed by Custodian Clearing Members on T+1 within specified time as per Designated Time Schedule. However, in case where such initiated IDS transactions are based on trades executed during SPOT period, such initiated IDS transactions shall be affirmed on same Trade Date within specified time as per Designated Time Schedule.</p> <p>4. The quantity, price and Settlement Date of each IDS transaction shall be the same as of actual underlying Exchange trade. However, such IDS</p>	<p><u>2.</u> Such IDS transactions shall be initiated, in any of the NCSS live securities based on Exchange Trade received in NCSS as locked-in contract, by Broker Clearing Member only on Trade Date and affirmed by Custodian Clearing Members on T+1 within specified time as per Designated Time Schedule. However, in case where such initiated IDS transactions are based on trades executed during SPOT period, such initiated IDS transactions shall be affirmed on same Trade Date within specified time as per Designated Time Schedule. <u>However, in case where Exchange Trades are executed by a Broker Clearing Member with a client code of a foreign institutional investor who executed such Exchange Trade on account of his other client, IDS transactions can be initiated by Broker Clearing Member only on Trade Date and/or T+1 within specified time as per Designated Time Schedule.</u></p> <p>4. The quantity, price and Settlement Date of each IDS transaction shall be the same as of actual underlying Exchange trade. However, such IDS</p>	<p>Spot period, accordingly, IDS affirmation on Spot period has been deleted.</p> <p>Such transactions of foreign investors may also be initiated on T+0 and T+1. Necessary provision is amended in the Regulations.</p>
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<p>transaction can also be generated for partial quantity of the underlying Exchange trade</p> <p>5. If such initiated IDS transaction is neither affirmed nor rejected within the specified time as per Designated Time Schedule, NCSS shall automatically drop it during End of Day (EOD) process from further processing. Accordingly, such transactions shall be settled by the initiating Broker Clearing Members in accordance with these Regulations and NCSS Procedures.</p>	<p>transaction can also be generated for partial quantity of the underlying Exchange trade. <u>In case where Exchange Trades are executed by a Broker Clearing Member with a client code of a foreign institutional investor who executed such Exchange Trades on account of his other client, such Broker Clearing Member shall be required to provide the UIN of a client of foreign institutional investor to generate IDS transactions. Further, IDS Transaction can only be initiated, if CDS sub-account of such client is maintained with the respective Custodian Clearing Member.</u></p> <p>5. If such initiated IDS transaction is neither affirmed nor rejected within the specified time as per Designated Time Schedule, NCSS shall automatically drop it during End of Day (EOD) process from further processing. Accordingly, such transactions shall be settled by the initiating Broker Clearing Members <u>through his CDS house account</u> in accordance with these Regulations and NCSS Procedures. <u>However,</u></p>	<p>Since BCM will be managing CDS sub-account of foreign investor. Any un-affirmed/rejected IDS transaction will be settled by BCM though such sub-account of foreign investor instead of his house account.</p> <p>At the time of affirmation, CCM will be required to provide CDS-sub account of client for direct settlement.</p>
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<p>6. Custodian Clearing Members shall not be allowed to edit the details of such initiated IDS transaction posted by the initiating Broker Clearing Members and shall be required to affirm or reject such transaction within specified time as per Designated Time Schedule.</p> <p>All affirmed IDS transactions shall be settled by the affirming Custodian Clearing Members in accordance with these Regulations and NCSS Procedures.</p>	<p><u>IDS Transactions which are initiated by a Broker Clearing Member with a client code of a foreign institutional investor who executed such Exchange Trades on account of his other client, neither affirmed nor rejected within the specified time as per Designated Time Schedule, such transactions shall be settled by the initiating Broker Clearing Members through CDS sub-account of foreign institutional investor in accordance with these Regulations and NCSS Procedures.</u></p> <p><u>6.</u> Custodian Clearing Members shall not be allowed to edit the details of such initiated IDS transaction posted by the initiating Broker Clearing Members and shall be required to affirm or reject such transaction within specified time as per Designated Time Schedule. <u>In case where IDS Transactions are initiated by a Broker Clearing Member with a client code of a foreign institutional investor who executed such Exchange Trades on account of his other</u></p>	
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	<p><u>client, in such case Custodian Clearing Member shall be required to provide the CDS sub-account number of a client of foreign institutional investor at the time of affirming IDS transactions. It shall be mandatory that UIN of such sub-account and underlying IDS Transaction should be the same and such Custodian Clearing Member is maintaining such sub-account under its CDS Participant account.</u></p> <p>All affirmed IDS transactions shall be settled by the affirming Custodian Clearing Members in accordance with these Regulations and NCSS Procedures.</p>	
<p>11.2.1 b The settlement of Balance Order Contracts, under Trade-for-Trade Settlement, of Non-exchange Transactions (excluding MT & MT(R) Transactions MF & MF(R) Transactions and SLB & SLB(R) Transactions) in accordance with these Regulations and Procedures, shall be made on the basis of affirming Clearing Member wise, UIN</p>	<p>11.2.1 b The settlement of Balance Order Contracts, under Trade-for-Trade Settlement, of Non-exchange Transactions (excluding MT & MT(R) Transactions MF & MF(R) Transactions and SLB & SLB(R) Transactions) in accordance with these Regulations and Procedures, shall be made on the basis of affirming Clearing Member wise, UIN</p>	<p>Since BCM will be managing CDS sub-account of foreign investor. Any un-affirmed/rejected IDS transaction based on trade-for-trade settlement cycle will also be settled by BCM though such sub-account of foreign investor instead of his house account.</p>

<p>wise and corresponding CDS investor account, house and sub-account wise. However, in case of un-affirmed/rejected Non-exchange Transactions (excluding institutional delivery transactions), Balance Order Contracts of such un-affirmed/rejected Non-exchange Transactions shall be settled through the CDS main account of the initiating Clearing Member and Balance Order Contracts of such un-affirmed/rejected Non-exchange Transactions pertaining to institutional delivery transactions shall be settled in the following manner:</p> <p>i. In case where institutional delivery system transaction(s) remained un-affirmed or rejected by Non-Broker Clearing Member within DTS, such un-affirmed or rejected transaction(s) shall be settled</p>	<p>wise and corresponding CDS investor account, house and sub-account wise. However, in case of un-affirmed/rejected Non-exchange Transactions (excluding institutional delivery transactions), Balance Order Contracts of such un-affirmed/rejected Non-exchange Transactions shall be settled through the CDS main account of the initiating Clearing Member and Balance Order Contracts of such un-affirmed/rejected Non-exchange Transactions pertaining to institutional delivery transactions shall be settled in the following manner:</p> <p>5. i. In case where institutional delivery system transaction(s) remained un-affirmed or rejected by Non-Broker Clearing Member within DTS, such un-affirmed or rejected transaction(s) shall be settled through CDS house account of</p>	
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<p>through CDS house account of the initiating Clearing Member.</p>	<p>the initiating Clearing Member. <u>However, institutional delivery system transaction(s) which are initiated by a Broker Clearing Member with a client code of a foreign institutional investor who executed such Exchange Trades on account of his other client, remained unaffirmed nor rejected by the Non-Broker Clearing Member within the specified time as per Designated Time Schedule, such transactions shall be settled by the initiating Broker Clearing Members through CDS sub-account of foreign institutional investor in accordance with these Regulations and NCSS Procedures.</u></p>	
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