



ISO 27001 Certified

National Clearing Company of Pakistan Limited

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

NCCPL/CM/JANUARY-17/06

January 9, 2017

Approved Amendments in “NCCPL Regulations”

Dear Clearing Members,

Please find attached herewith approved amendments in the **National Clearing Company of Pakistan Limited (“NCCPL”) Regulations, 2015** for your information.

For any further queries or concerns, please feel free to contact the Customer Support Services of your respective locations.

City	Telephone Number	UAN Number	Fax Number
Karachi	021-32460811-19 Ext. 209, 214, 217, 218 & 224 Dir. 021-32438531-32-33	021-111-111-622	021-32462825
Lahore	042-36280815-7		042-36280818
Islamabad	051-2895460-62		051-2895463

Regards,

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Muhammad Asif
Head of Operations

Enclosure: Approved Amendments in “NCCPL Regulations, 2015”

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Approved Changes

Chapter 2:

International Broker Dealer (“IBD”)

Means a Foreign Entity that engages in the business of buying and selling of Securities in the Stock Exchange for its own account or on behalf of its clients.

Unique Identification Number (UIN)

for the following client types of a Broker Clearing Member means:

For foreign institutional investor /IBD – Registration number issued by the concerned authority in the country of incorporation or registration of the foreign institutional investor /IBD placing the order with an alphabetical prefix or suffix attached to such number by the Company. Provided that where an IBD is involved in trading on behalf of its clients, it shall be issued a separate UIN and such UIN shall not be allowed to be used for proprietary trading.

UIN Registration Details

means: the following details of the trading accounts of the Broker Clearing Members:

- (i) Client name;
- (ii) Applicable UIN;
- (iii) Client Code/Client ID issued by a Broker Clearing Member;
- (iv) Client Type; and
- (v) CDS house, investor account and/or sub-account number, as the case may be.

EXPLANATION:

Client Code / Client ID

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.

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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.

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 Trader IDs of such BCMs, issued by the Pakistan Stock Exchange after the integration of Stock Exchanges.

Client Name

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.

Client Type

means the status of the client of a Broker Clearing Member. This can be one of the following:

- (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):
 - (a) corporate Broker;
 - (b) company registered with the Commission;
 - (c) all other entities described in the definition of UIN.

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. 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. Provided that in case, where Broker Clearing Member intends to tag client

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code(s) IBD with its UIN issued for trading on behalf of its clients, obtain approval from the Company before tagging of UIN—with respective client code(s) and CDS sub-account and provide to the Company, necessary supporting documents and information as prescribed in the procedures, duly attested by Broker Clearing Member. The Company, after review of the provided documents and information may allow mapping the respective UIN. The Company may, however, reject any such request based on the reasons to be recorded in writing after providing opportunity of being heard.

Chapter 9: General Provisions

9.10.2

2. 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 by T+1 within specified time as per Designated Time Schedule. However, in case where Exchange Trades are executed by a Broker Clearing Member with a client code of an IBD as permitted by the Company for trading on behalf of its such IDS transactions can be initiated by Broker Clearing Member up to T+1 within specified time as per Designated Time Schedule.
4. The quantity, price and Settlement Date of each IDS transaction shall be the same as of actual underlying Exchange trade. However, IDS transaction can also be generated for partial quantity of the underlying Exchange trade. In case where Exchange Trades are executed by a Broker Clearing Member with a client code of IBD as permitted by the company for trading on behalf of its such Broker Clearing Member shall be required to provide the UINs of respective clients IBD to generate IDS transactions. Further, IDS transaction can only be initiated, if CDS sub-account of such clients are maintained with the respective Custodian Clearing Member.
 - 4a. If such initiated IDS transaction is rejected within the specified time as per Designated Time Schedule, such rejected IDS transactions can be re-initiated after rectifying the UIN provided at the time of initiation of rejected IDS transaction by the Broker Clearing Member for affirmation by the Custodian Clearing Member as per Designated Time Schedule. However, respective Clearing Members shall be required to maintain documentary evidence along with reason and justification thereof in relation to rectification of such IDS transaction.
5. If such initiated/re-initiated IDS transaction is neither affirmed nor rejected within the specified time as per Designated Time Schedule, NCSS shall automatically drop it during

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End of Day (EOD) process from further processing. Accordingly, such transactions shall be settled by the initiating Broker Clearing Members through their CDS house account in accordance with these Regulations and NCSS Procedures. However, in case of IDS transactions which are initiated by a Broker Clearing Member with a client code of IBD as permitted by the Company for trading on behalf of its clients, IDS transactions that are neither affirmed nor rejected within the specified time as per Designated Time Schedule shall be settled by the initiating Broker Clearing Members through CDS sub-account of the respective IBD in accordance with these Regulations and NCSS Procedures.

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. In case where IDS Transactions are initiated by a Broker Clearing Member with a client code of a IBD as permitted by the Company for trading on behalf of its clients, Custodian Clearing Member shall be required to provide the respective CDS sub-account numbers of IBD clients at the time of affirming IDS transactions. It shall be mandatory that UIN of such sub-account and UIN provided by Broker Clearing Member at the time of initiation/re-initiation of such IDS Transaction are the same and such Custodian Clearing Member is maintaining such sub-account under its CDS Participant account.

All affirmed IDS transactions shall be settled by the affirming Custodian Clearing Members in accordance with these Regulations and NCSS Procedures.

9.10.3 Recording of IBD's Client Transaction

- 1) In case where trade/transaction executed through a UIN of IBD, issued for trading on behalf of its clients is settled by the Clearing Member in the CDS sub-account of such IBD, such Clearing Member will be allowed to record such transaction(s) into NCSS for the movement of Securities to the respective CDS accounts within specified time as per Designated Time Schedule.
- 2) Such Clearing Member while recording transaction(s) into NCSS for the movement of Securities should ensure that the quantities and amounts of individual transactions for client(s) should not exceed the amount of market based gross buy or sell of the cumulative trade or transaction executed by the IBD. Any movement of Securities recorded by Clearing Member not fulfilling this criterion will not be processed by the NCSS system.

11.2 Delivery of Securities and right of the Company on Securities

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 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:

- 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 the initiating Clearing Member. However, in case of IDS transaction(s) which are initiated by a Broker Clearing Member with a client code of a foreign IBD as permitted by the Company for trading on behalf of its clients the IDS transactions that are neither affirmed, nor rejected within the specified time as per Designated Time Schedule shall be settled by the initiating Broker Clearing Members through CDS sub-account of IBD in accordance with these Regulations and NCSS Procedures.