



ISO 27001 Certified

National Clearing Company of Pakistan Limited

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

NCCPL/CM/APRIL-17/02

April 6, 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** pertaining to Requirement of Basic Deposit from Broker Clearing Members 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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Rehan Saif
Head of PD & CSS

Enclosure: Approved Amendments in “NCCPL Regulations, 2015”

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2.8 Definitions

Basic Deposit

means the Basic Deposit to be maintained by a Broker Clearing Member with the Company as per Fees, Charges and Deposits Schedule under these Regulations

Fees, Charges and Deposits Schedule

means such Fees, Charges and Deposits Schedule as approved by the Board under these Regulations, subject to the approval of the Commission and any amendment, modification, revision, substitution or revision thereof made by the Board with the prior approval of the Commission.

Minimum Amount

means the minimum amount required to be deposited by a Clearing Member with the Company in cash by way of or as part of his Security Deposit and/or Basic Deposit in terms of the Fees, Charges and Deposits Schedule under these Regulations.

3.2 Powers of the Company

3.2.5 The Board shall not exempt any person or group of persons under Regulation 3.2.4 from an obligation to comply with:

- (a) a Warranty and Indemnity Provision;
- (b) a provision of this Chapter and of Chapter 8 (SECURITY DEPOSIT/BASIC DEPOSIT) except the provisions of Regulation 8.4.1, Chapter 13 (MONEY DEFAULT MANAGEMENT), Chapter 18 (RESTRICTION, SUSPENSION OR TERMINATION OF ACCESS TO SERVICES OFFERED BY THE COMPANY) and Chapter 23 (HEARING AND APPEAL PROCEDURES).

3.6 Fees, Charges and Deposits

3.6.1 The Board shall, with the prior approval of the Commission, make a Fees, Charges and Deposits Schedule specifying (i) the fees and charges payable for facilities and services provided by the Company and the time by which, or period within which, the fees and charges must be paid, and (ii) the Security Deposit and Basic Deposit to be maintained by the NCC Participants with the Company. The Fees, Charges and Security Deposit Schedule as in force on the date of coming into force of these Regulations (as approved by the Commission) shall be deemed to have been made under this Regulation.

3.9.7 The Company is not liable to compensate any person for losses, damages, costs or expenses suffered or incurred in consequence of any action taken under Chapter 8 (Security

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Deposit/Basic Deposit), Chapter 15 (WHEN THE COMPANY RESTRICTS, SUSPENDS OR TERMINATES ITS SERVICES TO A CLEARING MEMBER), Chapter 18 (RESTRICTION, SUSPENSION OR TERMINATION OF ACCESS TO SERVICES OFFERED BY THE COMPANY) and Chapter 24 (RELEASE OF CLEARING DATA).

5.3.1 Any application for admission to NCSS as a Clearing Member shall:
(b) be accompanied by the relevant application fee, Basic Deposit and Security Deposit as specified in the Fees, Charges and Deposits Schedule;

SECURITY DEPOSITS/BASIC DEPOSITS

8.1 Obligation of Clearing Members to keep Security Deposit and Basic Deposit with the Company

8.1.1 Each NCC Participant shall keep and maintain with the Company, according to the category to which he belongs in terms of Chapter 5, Chapter 7A, Chapter 7B and Chapter 7C of these Regulations, a certain sum of money in cash as set out in the Fees, Charges and Deposits Schedule, by way of security deposit and/or Basic Deposit which sums shall not be less than the Minimum Amount. Such security deposit/Basic Deposit shall secure the obligations of the NCC Participant under or arising from these Regulations, the Procedures and/or Clearing Member Agreement and the Tripartite Agreement and/or any other agreement or agreements entered into by the NCC Participant jointly with the Company and/or any other entity. The amount of the Security Deposit and Basic Deposit may be utilized and/or applied by the Company for any purpose set out in these Regulations, the Procedures and/or any of the said agreements. Each NCC Participant shall, by becoming a NCC Participant, agree to the utilization and application by the Company of his Security Deposit and Basic Deposit for any purpose set out in these Regulations, the Procedures and any of the said agreements.

8.2 Application and Investment of Security Deposits/Basic Deposit

8.2.1 Any amount of the Security Deposits and Basic Deposits may be partially or wholly invested in Government Securities and/or otherwise kept in deposit with commercial banks bearing minimum long term credit rating of "A".

8.2.2 Any profits received from the investment and/or deposits under Regulation 8.2.1 of that part of the Security Deposit/Basic Deposit of a NCC Participant which is in excess of the Minimum Amount shall accrue to Settlement Guarantee Fund.

8.2.3 No part of the Security Deposits shall be used by the Company for any purpose other than:

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- a) the investment in Government Securities and/or kept in deposit with banks as above stated in Regulation 8.2.1;
- b) to satisfy any liability of a NCC Participant to the Company in respect of the fees and charges payable by such NCC Participant to the Company in terms of the Fees, Charges and Deposits Schedule, provided that the amount of the Security Deposit/Basic Deposit of such particular NCC Participant shall be used for this purpose;
- c) to facilitate clearing and settlement activities in terms of the Regulations and/or the Procedures;
- d) for any adjustment permitted by these Regulations and/or the Procedures;
- e) for any other purpose as permitted by these Regulations and/or the Procedures; or
- f) for return to a NCC Participant pursuant to Regulation 8.4.1.

8.2.4

No part of the Basic Deposits shall be used by the Company for any purpose other than:

- a) the investment in Government Securities and/or kept in deposit with banks as above stated in Regulation 8.2.1;
- b) for any other purpose as permitted by these Regulations and/or the Procedures; or
- c) for return to a NCC Participant pursuant to Regulation 8.4.1.

8.3 Elimination of deficiency by NCC Participant in his Security Deposit/Basic Deposit

8.3.1 If the Security Deposit and or Basic Deposit of any NCC Participant is applied for any purpose set out in these Regulations and/or the Procedures and as a consequence the NCC

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Participant's Security Deposit/Basic Deposit or his remaining Security Deposit/Basic Deposit becomes less than the Security Deposit/Basic Deposit required to be maintained by him under the Fees, Charges and Deposits Schedule, the NCC Participant shall, upon the Company's demand, deposit with the Company, within such time as the Company shall require, that which is necessary to eliminate any deficiency in his required Security Deposit/Basic Deposit.

- a. If the NCC Participant shall fail to eliminate any deficiency in his required Security Deposit, the Company may take disciplinary action against the NCC Participant pursuant to Chapter 18 (RESTRICTION, SUSPENSION OR TERMINATION OF ACCESS TO SERVICES OFFERED BY THE COMPANY).
- b. If a Broker Clearing Member shall fail to eliminate any deficiency in his required Basic Deposit applicable for the relevant Market, the Company shall notify the name of such Broker Clearing Member to the Stock Exchange for imposing restriction on such Broker Clearing Member to trade in the relevant market till elimination of deficiency in his required Basic Deposit. The Stock Exchange, before providing access to any Market to any Broker Clearing, shall ensure that Basic Deposit for such Market is maintained with the Company by Such Broker Clearing Member.

Any disciplinary action that the Company takes pursuant to provision (a) and (b) above or the voluntary or involuntary cessation of membership by the NCC Participant shall not affect the obligations of the NCC Participant to the Company or any remedy to which the Company may be entitled under applicable law.

8.4 Refund of the Security Deposits/Basic Deposits by the Company

8.4.1 A NCC Participant shall be entitled to the return of the actual amount of its Security Deposit/Basic Deposit remaining with the Company (after adjustment of his liabilities, as a NCC Participant, under these Regulations and/or the Procedures and after adjustment of the Company's claim against him in respect of the fees and charges payable by him to the Company) within 90 days after:

- a) the NCC Participant ceases to be a NCC Participant; and

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- b) all obligations to the Company for which the NCC Participant was responsible while a NCC Participant have been satisfied or, at the discretion of the Company, have been deducted by the Company from the NCC Participant's Security Deposit and/or Basic Deposit as the case may be in terms of these Regulations;

PROVIDED that where the NCC Participant has ceased to be a NCC Participant as a consequence of his ceasing to be a TRE Certificate Holder of Pakistan Stock Exchange, the amount of the NCC Participant's Security Deposit with the Company shall be paid by the Company to the Pakistan Stock Exchange where the Pakistan Stock Exchange has/have presented to the Company such indemnities or guarantees as the Company deems satisfactory. PROVIDED further that a NCC Participant's Security Deposit/Basic Deposit shall be paid to the NCC Participant, where the NCC Participant ceases to be a NCC Participant voluntarily, and the NCC Participant has presented to the Company such indemnities or guarantees as the Company deems satisfactory or another NCC Participant has been substituted on all transactions and obligations of the NCC Participant ceasing to be a NCC Participant voluntarily.

8.5 Notice to NCC Participant for increase in his Security Deposit/Basic Deposit

- 8.5.1 The Company shall transmit a Notice on a Business Day to a NCC Participant, of any proposed increase in his required Security Deposit and/or Basic Deposit in terms of the Fees, Charges and Deposits Schedule. If a NCC Participant fails to give written Notice to the Company of his election to terminate his business with the Company within the period specified in the Company's Notice of the increase, he shall contribute to his existing Security Deposit/Basic Deposit that which is necessary to satisfy the increase notified by the Company.
- 8.5.2 In such event the NCC Participant's obligation to so contribute shall not be affected by his subsequent cessation of membership, whether voluntary or involuntary. At the time the increase becomes effective, the NCC Participant's obligations to the Company shall be determined in accordance with the increased quantum of his Security Deposit/Basic Deposit notified by the Company whether or not such increase has been made. If the NCC Participant fails to pay any additional amount towards his Security Deposit/Basic Deposit in accordance with the Company's Notice under Clause 8.5.1,



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- a) In case of Security Deposit, the Company may take disciplinary action against the NCC Participant pursuant to Chapter 18 (RESTRICTION, SUSPENSION OR TERMINATION OF ACCESS TO SERVICES OFFERED BY THE COMPANY).
- b) If case of Basic Deposit applicable for the relevant Market, the Company shall notify the name of such Broker Clearing Member to the Stock Exchange for imposing restriction on such Broker Clearing Member to trade in the relevant market till elimination of deficiency in his required Basic Deposit. The Stock Exchange, during such restriction may only allow such Broker Clearing Member to reduce/square-up outstanding/open position of its proprietary and/or client account.

Any disciplinary action that the Company takes pursuant to provision (a) and (b) above or the voluntary or involuntary cessation of membership by the NCC Participant shall not affect the obligations of the NCC Participant to the Company or any remedy to which the Company may be entitled under applicable law.

8.6 Determination of NCC Participant's required Security Deposit/Basic Deposit

- 8.6.1 Except as provided in these Regulations, the Company shall determine and notify by Transmitting a Notice to each NCC Participant by the Designated Time on each Business Day whether the amount of the NCC Participant's Security Deposit/Basic Deposit is in excess of the NCC Participant's required Security Deposit/Basic Deposit in terms of the Fees, Charges and Deposits Schedule. At a NCC Participant's written request, the Company shall cause to be returned to the NCC Participant the excess amount, or such lesser amount as may be requested by the NCC Participant, provided that no portion of the Minimum Amount shall be returned;

12.5.9 BASIC DEPOSITS AS EXPOSURE MARGINS:

The Basic Deposits payable for the Markets, where applicable, as required by the Company and deposited by a Clearing Member may be utilized by the Company against exposure margin of such Clearing Member for the respective market during trading hours. However, the Clearing Member shall replenish the Basic Deposit at the close of the Trade Date with the Company.



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13.2 Actions in the Event of Suspension or Restriction of the Suspended Clearing Member's access to services offered by the Company

13.2.1 On the determination by the Company of the net money obligations of a Suspended Clearing Member on the basis of the notice served by the Company under Regulation 13.1.2 on the Suspended Clearing Member and any amount received by the Company from the Suspended Clearing Member pursuant to such notice, the Company shall endeavor to satisfy such obligations in the following order as soon as practicably possible from the following sources:

- (a) Firstly from the total amount of the Security Deposit and/or Basic Deposit of the Suspended Clearing Member deposited with the Company. Provided that Basic Deposit of Clearing Member deposited with the Company shall be utilized to satisfy the obligation of Suspended Clearing Member in the relevant Market(s). Where the Security Deposit/Basic Deposit has been invested in any securities in accordance with the terms of these Regulations, the said funds may be arranged by the Company from any bank or financial institution by using such security wherein such Security Deposit/Basic Deposit are invested. The cost of any such borrowing shall be paid by the Company.
- (b) Secondly from the funds realized by using cash and/or cash equivalent deposited by such Clearing Member as collateral to the Company.
- (c) Thirdly from amounts received under any insurance policy obtained, where applicable / available, to satisfy shortfall in meeting the settlement obligation on account of default by a Clearing Member subject to its availability.
- (d) Fourthly, amount if made available by the bank against Balance Orders retrieved Securities, and Margin Eligible Securities of a Suspended Clearing Member and/or against SGF.

15.3.2 As security for any and all liabilities existing or arising at any time of a NCC Participant to the Company, the Company shall have a lien on:

- a) the Security Deposit and/or Basic Deposit of the NCC Participant;

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SCHEDULE OF DEPOSITS					
S No.	NAME	RATE	BASIS	COLLECTION	
				TIME	MODE
7	Market wise Basic Deposit requirement from Broker Clearing Members:	Rs. 1,000,000	One time fixed for such Markets	Rs. 500,000 within 30 day Notice period from the date of approval of amendments to this Schedule and remaining Rs. 500,000 within 90 day Notice period from the date of approval of amendments to this schedule	P.O./Draft/Cheque for all markets
a.	Deliverable Future Contracts Market	Rs. 200,000		On signing of agreement	
b.	Ready Delivery Contract or Ready Market Contract /Odd-lots Market	Rs. 100,000 per security		On signing of agreement	
c.	provisionally listed companies market	Rs. 25,000		On signing of agreement	
d.	Stock index option Market			On signing of agreement	

Note: Basic Deposit of Broker Clearing Members in sub-clauses (b), (c) and (d) of clause (7) of this Schedule as maintained by the Pakistan Stock Exchange shall be transferred by the Pakistan Stock Exchange to the Company in order to discharge Basic Deposit requirements of respective Broker Clearing Members.