



Standard Operating Procedures for R/TA Reconciliation

Version 1.2
September 25, 2018

1. Origination

- 1.1. The need for obtaining R/TA Reconciliation have been established under Regulation 13.7 of the CDC Regulations.

2. Procedure for R/TA Reconciliation

- 2.1. Issuer of the securities declared as eligible in the CDS are required to submit R/TA Reconciliation on Annual and Half Yearly basis to CDC.

- Timelines for submission R/TA Reconciliation shall be **4 months of the Financial Year end of Issuer and 10 business days after the end of the Half Financial-Year end.**

- 2.2. R/TA Reconciliation shall be on the format prescribed by CDC attached as Annexure A. In addition to above, R/TA Reconciliation shall meet the following parameters:

- **Half year-end R/TA reconciliation should be in original on company's/ R/TA letterhead duly signed by the authorized signatory(ies) and Financial year-end R/TA reconciliation should be in original verified by the external auditors of the Issuer. In case where the Book-entry Securities are represented by Units of a Scheme or certificates of a Modaraba, the report shall be verified by the external auditor of such Scheme or Modaraba, as the case may be.**

- **Follow the guidelines issued by CDC from time to time (enclosed hereunder).**

- 2.3. In cases, where Issuer has not submitted duly verified R/TA Reconciliation for the financial year-end within 4 months of close of Financial Year and / or for the half year-end within 10 days of the Half Year End of the Security, CDC will issue the notice of intention of imposition of fine to the extent of Rs. 10,000 if the Issuer does not submit the R/TA Reconciliation within 3 Business Days (notice period) of receipt of such notice.

- 2.4. Where Issuer remains non-compliant after the expiry of the notice period, CDC shall impose fine and send it to Issuer for payment.

- 2.5. In case breach is not rectified within 7 Business Days of imposition of fine, then whether or not the fine has been paid or not, CDC may suspend or revoke the CDS Eligibility of respective Security of Issuer in accordance with the CDC Regulations.

- 2.6. In case R/TA reconciliation is received before the imposition of suspension of CDS Eligibility, then the matter stands closed.

- 2.7. In case the R/TA reconciliation is received after the imposition of suspension of CDS Eligibility, CDC will issue the removal of suspension accordingly.

Note:

Issuer is not required to submit R/TA reconciliation where securities have fully been inducted in to the CDS in terms of issued capital and remained so inducted during the entire financial year to which the report pertains.

3. Procedure for Rectification of discrepancy in CDR reported by an Issuer to the CDC:

Following procedures shall apply in respect of rectification of discrepancy in the number of book entry securities recorded in the relevant register of the Issuer in CDC's name with the number of such securities held on CDR:

- 3.1. CDC shall require the concerned Issuer to make a fresh reconciliation by checking each activity performed on the CDR during the whole financial year to see if any entry is missing in the relevant register of the Issuer and report to CDC the findings of such fresh reconciliation within 15 Business Days from the date of receipt of CDC's advice.
- 3.2. The Issuer shall make a fresh reconciliation as required by CDC and report the findings of such reconciliation within the stipulated time on a format prescribed by CDC attached as Annexure B. Provided that, where discrepancy occurs in respect of Financial Year reporting, then the findings of such discrepancy shall be verified by the external auditors of the Issuer.
- 3.3. Where the Issuer reports that no discrepancy exists at its end, then CDC shall investigate the matter at its own end to see if there is any system error and rectify the discrepancy on the basis of such investigation. .

(On Company's/ R/TA Letterhead)

CONFIRMATION OF CDC's NOMINEE HOLDING IN MEMBERS'/CERTIFICATE HOLDERS' REGISTER

Chief Compliance and Risk Officer
 Central Depository Company of Pakistan Limited
 CDC House, 99-B, Block-B
 S.M.C.H.S. Main Shakra-e-Faisal
 Karachi

Dear Sir,

In compliance with CDC Regulation No. 13.7.1, we are writing to confirm as follows:

Dated	As on last day of Half Year /Financial Year* Ended _____ 20____
Security Name	
Security Symbol	

	Note	Number of Securities
Balance at the end of period /year in the CDC's Nominee Holding in Members' / Certificate holders' Register	N-1	
Balance of book entry security in the Central Depository Register at the end of period/year	N-2	
Difference, if any		

N-1: Movement in the CDC's Nominee Holding in Members' / Certificate holders' Register**Number of Securities**

Balance at the beginning of the year in the CDC's Nominee Holding in Members' / Certificate holders' Register	
Add: Additions during the period / year	
Less: Deletions during the period/ year	
Balance at the end of year/ period in the CDC's Nominee Holding in Members' / Certificate holders' Register	
Difference, if any	

N-2: Movement in the Central Depository Register**Number of Securities**

Balance at the beginning of the year in the Central Depository Register	
Add: Additions during the period / year	
Less: Deletions during the period / year	
Balance at the end of year/ period in the Central Depository Register	
Difference, if any	

Reason for Difference and discrepancy (if any):

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Regards,

Authorized Signatory (ies)

Guidelines for Auditor's confirmation

Auditor's confirmation/certificate must contain the following acknowledgments;

A. Scope of Certificate

1. Reviewing the number of such securities recorded in the name of CDC on the Nominee Register of the Company at the beginning of financial year, movements during the year, and closing balance at the end of financial year (N-1 to the Annexure 'A'),
2. Reviewing the number of Book-entry Security held on the Central Depository Register at the beginning of financial year, movements during the year, and closing balance at the end of financial year (from the report generated from the CDS (N-2 to the Annexure 'A');
3. In case of any difference between the movements mentioned in procedures 1 and 2 above, verify the reason for such difference and report the discrepancy.

B. Auditor Certificate

The auditor's certificate on the Reconciliation Statement prepared under CDC Regulation No. 13.7.1 shall be in accordance with the '*Guidelines for issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms*' issued by ICAP through circular number 3/2016 dated February 25, 2016

Annexure “B”

(On Company’s/ R/TA Letterhead)

Chief Compliance and Risk Officer
 Central Depository Company of Pakistan Limited
 CDC House, 99-B, Block-B
 S.M.C.H.S. Main Shahra-e-Faisal
 Karachi.

Subject: Intimation of difference identified between CDS and Member’s Register

Dear Sir,

Reference to CDC Regulation No. 13.7.8, we have noted following difference:

For the month ended	<Month-Year>
Security Name	
Security Symbol	

	Note	Number of Securities
Balance of CDC’s Nominee Holding in Members’ / Certificate holders’ Register for the month ended <Month-Year>	N-1	
Balance of book entry security in the Central Depository Register for the month ended <Month-Year>		
Difference		

N-1: Movement in the CDC’s Nominee Holding in Members’ / Certificate holders’ Register

Number of Securities

Balance of CDC’s Nominee Holding in Members’ / Certificate holders’ Register as per last RTA Reconciliation as of month-end <N-1>	
Add: Additions during the current month	
Less: Deletions during the current month	
Balance at the end of month in the CDC’s Nominee Holding in Members’ / Certificate holders’ Register	

The above details are submitted for your information and perusal.

Regards,

Authorized Signatory (ies)