



## **Procedure for Appointment of Independent Registrar / Transfer Agent for CDS Eligible Securities Listed on Stock Exchanges.**

### **Background**

Section 204(A) of Companies Ordinance, 1984 requires all listed companies to have an independent Registrar / Transfer Agent. The said statutory requirement has also been incorporated in the Provision 5.1.1 (d) & 8.11.2 of the CDC Regulations. By virtue of which, all CDS Eligible Securities listed on Stock Exchange(s) (SE) as well as those securities applying for CDS Eligibility and are in process of listing are required to have an independent R/TA. However, this requirement would not be applicable on units of open-end scheme.

### **Definition of Independence**

Following criteria will be used for ascertaining Independence of R/TA with that of the Issuer.

An Issuer and its R/TA shall be considered as Independent when they are not ‘associated companies or undertakings’ as per the definition assigned under Section (2) Sub-section (2) of the Companies Ordinance, 1984.

### **1. Detailed Procedures:**

Requirements that are to be followed under different / applicable stage(s) are enumerated in the foregoing paragraphs

#### **1.1 At the time of Induction & Change of R/TA**

Issuer will be required to provide the following documents to CDC at the time of applying for declaration of its securities as CDS Eligible Securities or change of R/TA as the case may be:

- 1) Statutory Auditor Certificate (the Certificate) (*in original*) confirming the Independence of R/TA on the bases of latest “Form A” & “Form 29.”
- 2) The Certificate should be duly accompanied with CRO certified true copy of Latest “Form A” & “Form 29” of the Issuer & R/TA. (Please note that provided Form A & Form 29 should be the same based on which auditor has confirmed the independence.)
- 3) Representation from the Issuer will also be required that the Issuer is to ensure the maintenance of Independence for the period of contract.
- 4) Certificate u/r 5.1.1 (d) & 5.6.1 of the CDC Regulations on the standard format duly signed by authorized signatories. However, in case of induction, requirement for signing of certificate by authorized signatories is not applicable.

#### **1.2 Existing Issuer with Self R/TA**

Pursuant to Provision of 8.11.2 of the CDC Regulations, existing Issuers of CDS Eligible Securities whose securities are listed on SE for trading purposes with self R/TA should appoint



independent R/TA **within 60 days** of the coming into force of Regulation 8.11.2 and provide the documents as outlined above to the CDC by the said timelines.

### **1.3 Disciplinary Proceedings:**

In the event of non-compliance, i.e. where the Issuer fails to appoint independent R/TA within 60 days as referred in Regulation 8.11.2, CDC may suspend the security in the CDS. In addition to this, non-compliance will also be reported to SECP for issuance of necessary directions to Stock Exchanges for suspension of trading.

#### **Notes:**

1. The terms “Listed” or “Listed Companies” shall have the same meanings as defined in the Companies Ordinance, 1984.
2. Issuer of CDS Eligible Securities whose securities are subsequently get listed on SE (including listing on OTC market), requirement of Provision of Regulation 5.1.1 (d) pertaining to appointment of Independent R/TA will be applicable on them & all documentation formalities referred in point no. 1.1 above need to be complied.. Non-compliance of which will be dealt by L&C accordingly.



**Annexure**

**Guidelines for Auditor's Certificate**

The Auditor's certificate to be submitted by the Issuer with CDC shall confirm the following as minimum requirement:

1. That the Issuer and the R/TA are independent as they are not 'associated companies or undertakings' as per the definition assigned under Section (2) Sub-section (2) of the Companies Ordinance 1984.
2. That the Auditor issuing the certificate is the Statutory Auditor of the Issuer.

**Note:**

1. CRO certified true copy of latest "**Form A**" and "**Form 29**" of the **Issuer** and the **R/TA** will be attached with the Auditor's Certificate.