



**Central Depository Company  
of Pakistan Limited**

**Head Office:** CDC House, 99-B,  
Block 'B', S.M.C.H.S.,  
Main Shahra-e-Faisal,  
Karachi-74400

Ref. No. CDC/LCR/N/06/2018

July 03, 2018

**Notification No. 04 of 2018**

**Sub: Proposed amendments in the CDC Regulations relating to submission of statement by TREC Holder Participants under Asset under Custody regime**

To,  
The General Public,

This is to bring to the notice of general public that the Board of Directors of CDC has approved the attached amendments in the CDC Regulations relating to submission of statement by TREC Holder Participants under Asset under Custody regime subject to approval of the Securities and Exchange Commission of Pakistan under Section 35(1) of the Central Depositories Act, 1997 (XIX of 1997) read with Section 52(3) of the Securities Act, 2015 (III of 2015).

As per the existing CDC Regulations, a TREC Certificate Holder Participant has to submit an Auditors' Certificate each year for insertion of details of Capital Adequacy Level ("CAL") in the CDS in Asset under Custody regime.

In order to facilitate the TREC Holder Participants, it is now proposed to provide following two options to TREC Holder Participants to submit the CAL to CDC each year:

- (a) duly Audited Financial Statements if the Notes thereof also contain the CAL of TREC Holder Participants on a format prescribed by CDC; or
- (b) CAL of TREC Holder Participant in the form of Auditors' Certificate on a format prescribed by CDC format to CDC.

In addition, it is also to clarify in the Regulations that such regime shall not apply to TREC Holder Participants whose admission to the CDS is under suspension and emphasizing on having positive CAL at all times.

As required under Section 51(2) of the Securities Act, 2015 (III of 2015), such amendments are placed for public comments which may be sent at [comments@cdcpak.com](mailto:comments@cdcpak.com) within 7 days of this Notification i.e. by **Monday, July 09, 2018**.

Regards,

  
Badiuddin Akber  
Chief Compliance & Risk Officer

**The Director/ HOD (PRDD-SMD)**  
Securities and Exchange Commission of Pakistan

**The Chief Executive Officer**  
Pakistan Stock Exchange Limited

**The Chief Executive Officer**  
National Clearing Company of Pakistan Limited

**All CDS Elements**

**Comparative Statement – Amendments in the CDC Regulations relating to AuC\_Regime**

S. No	Existing Regulations	Regulations Proposed by CDC
1.	<p><b>Reg. # 6.8.2</b></p> <p>Every Participant, who is a TRE certificate holder of the Securities Exchange, shall submit a statement to CDC:</p> <p>(a) on an annual basis; and</p> <p>(b) whenever there is a change in the paid-up capital of the Participant with the exception of cases where paid-up capital is increased due to issuance of bonus shares,</p> <p>in connection with the Capital Adequacy Level of such Participants in the form and manner as set out in Regulation 6.8.3.</p>	<p>Every Participant, who is a TRE certificate holder of the Securities Exchange, shall submit its annual financial statement and/or a statement a statement to CDC on an annual basis;</p> <p>(a) on an annual basis; and</p> <p>(b) whenever there is a change in the paid-up capital of the Participant with the exception of cases where paid-up capital is increased due to issuance of bonus shares,</p> <p>in connection with the Capital Adequacy Level of such Participants in the form and manner as set out in Regulation 6.8.3.</p> <p>Provided that such Participant shall have positive Capital Adequacy Level at all times.</p> <p>Provided further that this Regulation shall not apply to Participants whose admission to the CDS is suspended due to any reason whatsoever.</p>
2.	<p><b>6.8.3</b></p> <p>Every Participant to whom Regulation 6.8.2 applies shall, within four (04) months of close of each financial year of such Participant, and upon any change in the paid-up capital of the Participant, submit the statement referred to in that Regulation to CDC duly issued by the auditors of the Participant on a format prescribed by CDC in the Procedures along-with annual audited financial statements.</p> <p>Provided that the auditors referred to in this Regulation 6.8.3 shall be selected in accordance with the criteria prescribed by CDC with the prior written approval of the Commission.</p> <p>Notwithstanding the foregoing, the first statement referred to in Regulation 6.8.2 shall be submitted by a Participant within such number of days after coming into force of Regulation 6.8.2 as is notified by CDC.</p>	<p>Every Participant to whom Regulation 6.8.2 applies shall, within four (04) months of close of each financial year of such Participant, and upon any change in the paid-up capital of the Participant, submit to CDC:</p> <p>(a) its annual financial statements within four (04) months of close of each financial year of such Participant duly audited by the auditors of the Participant which shall include the disclosure of Capital Adequacy Level of the Participant on a format prescribed by CDC in the Procedure; or</p> <p>(b) a statement in connection with the Capital Adequacy Level of the Participant duly issued by the auditors of the Participant on a format prescribed by CDC in the Procedures the statement referred to in that Regulation to CDC duly issued by the auditors of the Participant on a format prescribed by CDC in the Procedures along-with annual audited financial statements; and,</p> <p>(c) a statement reflecting the revised Capital Adequacy Level of the Participant due to any change in the paid-up capital of the</p>



**Comparative Statement – Amendments in the CDC Regulations relating to AuC\_Regime**

S. No	Reg. #	Existing Regulations	Regulations Proposed by CDC
			<p data-bbox="245 165 368 987"><u>Participant during the financial year (with the exception of cases where paid-up capital is increased due to issuance of bonus shares), duly issued by the auditors of the Participant on a format prescribed by CDC in the Procedures.</u></p> <p data-bbox="405 165 496 1077">Provided that the auditors referred to in this Regulation 6.8.3 shall be selected in accordance with the criteria prescribed by CDC with the prior written approval of the Commission.</p> <p data-bbox="533 165 624 1077">Notwithstanding the foregoing, the first statement referred to in Regulation 6.8.2 shall be submitted by a Participant within such number of days after coming into force of Regulation 6.8.2 as is notified by CDC.</p>
3.	6.8.4	<p data-bbox="668 1099 855 1906">CDC shall, in accordance with the Procedures, define/update the Capital Adequacy Level of the Participants (to whom Regulations 6.8.2 applies) in the CDS as provided by such Participants pursuant to Regulations 6.8.3 in the form of a statement duly issued by the respective auditors of the Participants on a format prescribed by CDC in the Procedures.</p> <p data-bbox="892 1099 1201 1906">Provided that, where the Capital Adequacy Level of the Participant as determined pursuant to inspection conducted under Regulation 6.8.5, is found to be less than the Capital Adequacy Level earlier provided by such Participant to CDC pursuant to Regulation 6.8.3, then CDC shall, without prejudice to any other remedy available to the CDC under these Regulations, define the Capital Adequacy Level in the CDS as is determined by the CDC or the auditor, as the case may be, on the basis of inspection of Records of such Participant conducted pursuant to Regulation 6.8.5.</p>	<p data-bbox="668 165 823 1077">CDC shall, in accordance with the Procedures, define/update the Capital Adequacy Level of the Participants (to whom Regulations 6.8.2 applies) in the CDS as provided by such Participants pursuant to Regulations 6.8.3 in the form of a statement duly issued by the respective auditors of the Participants on a format prescribed by CDC in the Procedures.</p> <p data-bbox="860 165 1110 1077">Provided that, where the Capital Adequacy Level of the Participant as determined pursuant to inspection conducted under Regulation 6.8.5, is found to be less than the Capital Adequacy Level earlier provided by such Participant to CDC pursuant to Regulation 6.8.3, then CDC shall, without prejudice to any other remedy available to the CDC under these Regulations, define the Capital Adequacy Level in the CDS as is determined by the CDC or the auditor, as the case may be, on the basis of inspection of Records of such Participant conducted pursuant to Regulation 6.8.5.</p>

=====