

PSX/N-344

April 06, 2023

Reproduced hereunder is the Circular No. 04 of 2023 dated April 03, 2023 issued by SECP regarding Appointment of Auditors for SECP Regulated Entities along with notifications [attached herewith as Annexure A & B] for final amendments in Securities Brokers (Licensing and Operations) Regulations, 2016 and Securities Exchanges (Licensing and Operations) Regulations, 2016. The circular has also been placed on SECP website and can be accessed at the following link:

<https://www.secp.gov.pk/document/circular-no-4-of-2023-appointment-of-auditors-for-secp-regulated-entities/?wpdmdl=47436&refresh=642d0599b1f781680672153>.

The above-mentioned circular is notified for the information and necessary compliance by the market participants.



No. SMD/SE/2(322)/2022

April 03, 2023

Securities and Exchange Commission of Pakistan
Securities Market Division
Policy, Regulation and Development Department

Circular No. 04 of 2023

APPOINTMENT OF AUDITORS FOR SECP REGULATED ENTITIES

In supersession of Circular No. 21 of 2021 dated July 06, 2021; Circular No. 04 of 2014 dated January 31, 2014; Circular No. 28 of 2009 dated September 4, 2009 and in partial modification of S.R.O.2310(I)/2022 dated December 28, 2022, the Securities and Exchange Commission of Pakistan, in exercise of the powers under section 20(4)(jb) of the Securities and Exchange Commission of Pakistan Act, 1997, read with section 2 (iii) of the Securities Act, 2015; section 2 (3) of the Futures Market Act, 2016; section 15 and 41B of the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 read with rule 19 of the Modaraba Companies and Modaraba Rules, 1981; section 17 of the Corporate Restructuring Companies Act, 2016; sub-section (1)(a) of section 48 of the Insurance Ordinance 2000; section 282B of the Companies Ordinance, 1984; rule 7(1)(ba) of the NBFC Rules, 2003; and regulation 38(2)(h) of the Non-Banking Finance Companies and Notified Entities Regulations 2008 has decided to maintain and notify a list of auditors for audit of SECP Regulated Entities. Accordingly, the list of approved auditors is attached herewith as **Annexure I**, which shall be applicable on appointment of auditors for the financial years starting from or after July 01, 2023;

Any audit firm, having satisfactory rating from the Institute of Chartered Accountants of Pakistan (ICAP) under its Quality Control Review (QCR) program, may apply to the Commission for assessment and placement on the list of approved auditors, by submitting duly filled Form-A, available on SECP website.

Further, any update or change of information may be submitted by the audit firm through updated Form-A in the prescribed manner. In light of updated/ revised information submitted by the firm, the revised list shall be notified, if required, by the Commission. In case, any audit firm becomes ineligible to be part of the group of approved auditors for specified entities, subject ineligibility shall be applicable for future appointment of audit firm.

Following SECP Regulated Entities shall appoint their auditors as specified in **Annexure I**, -

- | | |
|---|---|
| a) Securities Brokers; | l) Futures Exchanges |
| b) Futures Brokers; | m) Modarabas |
| c) Non-Banking Financial Companies (NBFCs); | n) Collective Investment Schemes |
| d) Insurance/ Reinsurance Companies; | o) Voluntary Pension Schemes |
| e) Takaful Operators; | p) Professional Clearing Member |
| f) Insurance/ Reinsurance Brokers; | q) REIT Schemes |
| g) Third Party Administrators; | r) Credit Rating Companies |
| h) Securities and Futures Advisor; | s) Collateral Management Companies |
| i) Securities Exchanges; | t) Corporate Restructuring Companies (CRCs) |
| j) Clearing Houses; | and trusts created by CRCs |
| k) Depository Companies; | u) Share Registrars and Balloters |


(Asif Iqbal)
Director/HOD



Securities and Exchange Commission of Pakistan
Securities Market Division
Policy, Regulation and Development Department

ANNEXURE I

LIST OF APPROVED AUDITORS FOR SECP REGULATED ENTITIES
[see Circular No. 04 of 2023]

- i. Audit firms given under this clause are eligible to conduct audit of all the SECP regulated entities specified in the circular. Further, Securities Exchanges, Futures Exchanges, Clearing Houses and Depository Companies; Securities Brokers with Trading and Clearing Category license; Asset Management Companies or Pension Fund Managers or NBFCs with Assets under Management (AuM) of equal to or more than Rs. 50 billion and lending NBFCs (deposit-taking); Modarabas having asset size equal to or more than Rs. 1 billion; Collective Investment Schemes or Voluntary Pension Schemes or REIT schemes having asset size of equal to or more than Rs. 10 billion; Insurance, Reinsurance or Takaful Operators having total assets of more than Rs. 10 billion; Collateral Management Companies; Credit Rating Companies and Professional Clearing Member, shall only appoint auditors from the following list under this clause:
- | | |
|-------------------------------------|---------------------------------------|
| 1. A. F. Ferguson & Co. | 9. Muniff Ziauddin & Co. |
| 2. Baker Tilly Mehmood Idrees Qamar | 10. Nasir Javaid Maqsood Imran |
| 3. BDO Ebrahim & Co. | 11. Rahman Sarfaraz Rahim Iqbal Rafiq |
| 4. Crowe Hussain Chaudhury & Co. | 12. Reanda Haroon Zakaria & Co. |
| 5. EY Ford Rhodes. | 13. Riaz Ahmad & Co |
| 6. Grant Thornton Anjum Rahman | 14. RSM Avais Hyder Liaquat Nauman |
| 7. KPMG Taseer Hadi & Co. | 15. Yousuf Adil |
| 8. Kreston Hyder Bhimji & Co. | 16. UHY Hassan Naseem & Co. |
- ii. Securities Brokers having license of Trading and Self Clearing category; Asset Management Companies or Pension Fund Managers or NBFCs with AuM of less than Rs. 50 billion; non-deposit taking NBFCs undertaking lending activities through mobile applications; Modarabas having asset size of less than Rs. 1 billion; Collective Investment Schemes or Voluntary Pension Schemes or REIT Schemes having asset size of less than Rs. 10 billion; Insurance, Reinsurance or Takaful Operators having total assets of Rs 10 billion or less, shall appoint audit firm from the following list under this clause or from the list provided under clause (i) above:
- | | |
|--------------------------------------|-------------------------------------|
| 1. Amin Mudassar & Co. | 7. PKF F.R.A.N.T.S. |
| 2. Fazal Mahmood & Co | 8. Riaz Ahmad Saqib Gohar & Co. |
| 3. Ilyas Saeed & Co. | 9. Rizwan & Co. |
| 4. Mushtaq & Co. | 10. ShineWing Hameed Chaudhri & Co. |
| 5. Naveed Zafar Ashfaq Jaffery & Co. | 11. Tariq Abdul Ghani Maqbool & Co |
| 6. Parker Russell-A. J. S | |
- iii. Securities brokers having license under Trading-Only category; Futures Brokers of PMEX, Securities and Futures Advisers; Modarabas having asset size of less than Rs. 200 million; Lending NBFCs (other than deposit-taking); Insurance brokers, Reinsurance brokers; Third Party Administrators; Corporate Restructuring Companies, trusts created by Corporate Restructuring Companies and Share Registrars and Balloters, shall appoint any audit firm having Satisfactory QCR Rating from ICAP.
- iv. In case, if any entity mentioned under clause i, ii and iii, is a Public Interest Company as per the Third Schedule of the Companies Act, 2017, the audit firm to carry out audit of such Public Interest Company shall also be required to be registered from Audit Oversight Board under section 36K(a) of the Securities and Exchange Commission of Pakistan Act, 1997.

Annexure A

Government of Pakistan
Securities and Exchange Commission of Pakistan

Islamabad, the 29th March, 2023

NOTIFICATION

S.R.O. 416 (I)/2023.- In exercise of the powers conferred by sub-section (4) of section 169 of the Securities Act, 2015 and section 114 of the Futures Market Act, 2016 (XIV of 2016), the Securities and Exchange Commission of Pakistan hereby makes the following amendments to the Securities Brokers (Licensing and Operations) Regulations, 2016, the same having been previously published in the official Gazette for public comments vide SRO 2132(I)/2022 dated 1st December 2022 and were also placed on its website, namely:-

In the aforesaid Regulations, -

- (1) In regulation 4, clause (h), in place of the words, “enlisted within category “A” of the State Bank of Pakistan’s panel of auditor” the word, “appointed from the list of approved auditors for the relevant category of securities broker as notified by the Commission,” shall be substituted.
- (2) In regulation 7, sub-regulation (4), clause (b), in place of the words, “category A or B of the panel of auditors maintained by the State Bank of Pakistan”, the word, “the list of approved auditors for Trading and Self-Clearing Category as notified by the Commission” shall be substituted.
- (3) In regulation 16A, clause (a), sub-clause (vi), after the words, “from an independent chartered accountant firm” the word “appointed” shall be inserted and in place of the words, “category A of the panel of auditors maintained by the State Bank of Pakistan”, the word, “the list of approved auditors for Trading and Clearing Category as notified by the [Commission]” shall be substituted.
- (4) In Annexure D, clause (7), in place of the words, “shall have its statutory audit conducted from an auditor enlisted within Category “A” of the State Bank of Pakistan’s Panel of Auditors. A”, the word, “and” shall be substituted.
- (5) In Annexure D, clause (7), only the word, “its” occurring after the words “Trading and Self-Clearing category securities broker shall have”, shall be deleted.

- (6) In Annexure D, clause (7), in place of the words, “enlisted within Category “A” or “B” of the State Bank of Pakistan’s Panel of Auditors”, the words, “appointed from the list of approved auditors for the respective category of securities broker as notified by the Commission” shall be substituted.
- (7) In Annexure D, clause (7), in place of the words, “from an auditor which is in the list, maintained by the Institute of Chartered Accountants of Pakistan, of practicing firms having Satisfactory QCR Rating”, the word, “by an auditor from the list of approved auditors for the Trading Only category as notified by the Commission” shall be substituted.
- (8) In Annexure D, clause (7), in place of the words, “from an auditor enlisted within Category “A” or “B” of the State Bank of Pakistan’s Panel of Auditors”, the word, “by an auditor from the list of approved auditors for the Trading and Self Clearing category as notified by the Commission.” shall be substituted.

[File No. SMD/SE/2(267)/2016]



(Bilal Rasul)
Secretary to the Commission

Annexure B

Government of Pakistan
Securities and Exchange Commission of Pakistan

Islamabad, the 29th March, 2023

NOTIFICATION

S.R.O. 413 (I)/2023.- In exercise of the powers conferred under sub-section (1) of section 169 of the Securities Act, 2015 (III of 2015), the Securities and Exchange Commission of Pakistan hereby makes the following amendment to the Securities Exchanges (Licensing and Operations) Regulations, 2016, the same having been previously published in the official Gazette for public comments vide S.R.O. 2134(I)/2022 dated December 1st, 2022, and were placed on its website, namely:-

In the aforesaid Regulations,

- (1) In regulation 16, sub-regulation (1), after the words, "shall ensure that it has appointed an auditor" the word, "from the list of approved auditors to conduct audit of a securities exchange as notified by the Commission" shall be inserted.
- (2) In regulation 16, sub-regulation (8), the words, "with prior approval of the Commission" shall be deleted and after the words "appoint an auditor", the following words shall be inserted, "from the list of approved auditors to conduct audit of a securities exchange as notified by the Commission, other than the auditor appointed under sub-regulation (1) above".
- (3) In regulation 16, after sub-regulation (8), following new sub-regulation (8A) shall be inserted, "For the purposes of audit specified in sub-regulation (7) above, a securities exchange shall, at the minimum, rotate the auditor after every five years."

[File No. SMD/SE/2(20)/2020]



(Bilal Rasul)
Secretary to the Commission