



Standard Operating Procedures

For R/TA Reconciliation

Version 2.0
June 30, 2019

1. Origination

CDC has developed RTA Reconciliation functionality in the Central Depository System (CDS) in light of requirements prescribed under Regulation 13.7 of the CDC Regulations.

The said functionality will be available to the Issuer or relevant Registrar/Transfer Agent (R/TA) on behalf of Issuer on their CDS terminals, enabling them to submit the RTA Reconciliation electronically in the CDS in a manner as prescribed in this procedures.

2. Procedure for R/TA Reconciliation

- 2.1. Issuer of the Registered-Form Securities are required to submit R/TA Reconciliation on Annual and Half Yearly basis to CDC.
 - Timelines for submission of 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 submitted electronically by using RTA reconciliation functionality in the CDS by the respective issuer or through their Registrar/Transfer Agent (R/TA).
- 2.3. In addition to above, R/TA Reconciliation shall meet the following parameters:
 - **Half year end RTA reconciliation shall be submitted to CDC directly in CDS;**
 - **Financial year-end R/TA reconciliation should be provided through CDS by uploading system generated reconciliation format fetch from CDS (enclosed as Annexure A), duly 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 Annexure B).
 - Note: For guidance on steps to submit RTA reconciliation in the system please refer the RTA Reconciliation User Manual.
- 2.4. 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 Business days of the Half Financial Year End of the

Security, CDC may 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.

- 2.5. Where Issuer remains non-compliant after the expiry of the notice period, CDC may impose fine and send it to Issuer for payment.
- 2.6. 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.
- 2.7. In case R/TA reconciliation is received before the imposition of suspension of CDS Eligibility, then the matter stands closed.
- 2.8. 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 been fully inducted in to the CDS in terms of issued capital and remained so inducted during the entire financial period to which the report pertains.

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:

- 2.9. CDC shall reject the discrepant reconciliation and would intimate via system generated email to the concerned Issuer / RTA to make a fresh reconciliation by checking each activity performed on the CDR during the entire financial period to see if any entry is missing in the relevant register of the Issuer and submit the revised reconciliation report and the findings (in remarks column) of such fresh reconciliation within 10 Business Days from the date of receipt of CDC's email.
- 2.10. 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 and shall also be uploaded in CDS with reconciliation



- 2.11. 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.

- 2.12. Where any discrepancy is discovered as a consequence of the monthly reconciliation carried out by the Issuer under Regulation 13.7.1, Clause A, paragraph (i) of CDCPL Regulations, the Issuer shall notify CDC the details of such discrepancy within three (3) Business Days after the date on which the discrepancy is discovered as per enclosed Annexure C.

System generated Reconciliation for Financial Year end

(To be Printed on Company's/ R/TA Letterhead)

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

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

Dear Sir,

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

Financial Year End	Fetch from Input field System
Name of Auditor	Fetch from Input field System
Security Name	Fetch from Input field System
Security Symbol	Fetch from Input field System

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

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	Fetch from Input field System
Add: Additions during the period / year	Fetch from Input field System
Less: Deletions during the period/ year	Fetch from Input field System
Balance at the end of year/ period in the CDC's Nominee Holding in Members' / Certificate holders' Register	Fetch from Input field System

N-2: Movement in the Central Depository Register

Number of Securities

Balance at the beginning of the year in the Central Depository Register	Fetch from System
Add: Additions during the period / year	Fetch from System



Standard Operating Procedure for RTA Reconciliation

Less: Deletions during the period / year	Fetch from System
Balance at the end of year/ period in the Central Depository Register	Fetch from System

Reason for Difference and discrepancy (if any): **Fetch from input field system**

Regards,

Authorized Signatory (ies)/ Company Secretary

This reconciliation would be stamped, signed and dated by the External Auditor.

Annexure B

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

(On Company's/ R/TA Letterhead)

Chief Compliance Officer
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B
S.M.C.H.S. Main Shakra-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)/ Company Secretary