



**Procedure for Opening and Updating
Sub-Accounts in CDS for TREC Holder Participant
(Securities Broker)**

Operations & Customer Support Services

|CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

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CHAPTER 1: IMPORTANT TERMINOLOGIES

AI: Authorized Intermediary (as defined in CKO Regulations, 2017).

CDS: Central Depository System

CKO: Centralized KYC Organization

Contact Person: In an Individual's account, Contact Person shall not be the person other than the Main Applicant, any one of the Joint Applicants or their Attorney. However, Attorney shall not be a Participant/TRE Certificate Holder or its Director or Representative.

CP: Central Portal

KIS: KYC Information System

KYC: Know Your Customer

NCSS: National Clearing Settlement System

KYC Form: Know-Your Customer (KYC) Application Form is a new form promulgated by NCCPL to be filled by the each Investor one-time for the purpose of issuance of UKN.

CRF: Customer Relationship Form

UKN: Unique KYC Number. A unique number assigned by NCCPL to an entity or individual after successful completion of KYC

UIN: Unique Identification Number

CHAPTER 2: INTRODUCTION

This procedure is made under Regulation 6.2 of the CDC Regulations read with the NCCPL Regulations and Centralized Know Your Customer (KYC) Organization (CKO) Regulations, 2017.

CHAPTER 3: ACCOUNT OPENING AND UPDATION FOR TREC HOLDER PARTICIPANT (SECURITIES BROKERS) IN CDS

CDS is the Participant driven system where sub-accounts are opened and maintained by the Participants. All new Sub-Accounts shall only be opened in CDS based on the valid, correct and complete information obtained from the investor as per the CRF and KYC Application Form. The CRF is part of CDC Regulations and is also placed on CDC's website www.cdcpakistan.com. Terms & Conditions contained in the CRF and CDC Procedures shall govern the opening and maintenance of the Sub-Accounts.

The Participant before opening a sub-account into CDS should obtain duly filled and signed CRF and KYC Application Form (KYC form would only be required from Investors where UKN is not issued) from their Sub-Account Holders along with all necessary documents. Similarly, necessary information / documents should be obtained prior to updating a Sub-Account.

3.1 PROCESS OF ACCOUNT OPENING¹

All TREC Holder Participants (Securities Brokers) are required to get themselves registered as Authorized Intermediaries with NCCPL under the KYC regime for opening of new Sub-Account in the CDS.

TREC Holder Participants will be required to use separate KYC Application Form for Main Applicant and each Joint Applicant (KYC Application Form(s) would be required from Investors whose UKN is not issued) in addition to the CRF for opening of Sub-Account . , TREC Holder Participants must ensure that they obtain requisite form(s) i.e. CRF and KYC Application Form(s) from their customers for the purpose of opening of Sub-Account

3.1.1 Account Opening for client/(s) where UKN is not issued:

1. TREC Holder Participants shall obtain duly filled and signed KYC Application Form and CRF for the purpose of Opening of Sub-Account in the CDS from Investors.
2. Biometric verification of Sub-Account Holder(s) will be executed² and all the required information collected through KYC Application Form & CRF shall be entered in CP.

¹ Only Security Brokers having AI status under CKO Regime, 2017 will be able to open new accounts in CDS.

² Biometric will only be applicable for domestic individual clients only, one time by each Participant where the account is being opened

3. The complete information of Sub-Account Holder(s) will be transmitted to KIS, NCSS and CDS through CP.
4. For opening of CDS Sub-Account, Participant will first insert UIN(s) of the respective Sub-Account Holder(s) in the Account mapping tab available in account opening window.
5. Since UKN is not issued therefore, the UKN field will remain disabled
6. Participant is required to select contact person reference before fetching the respective details from CKO systems.
7. Upon fetching the data in CDS from CP for the purpose of account opening through the Account Mapping tab, Participant will have the option to update the CRF related fields in case of any change before completing Save and Post account opening activity.
8. It is mandatory to upload CZ-50 (Original or attested in original) or Solemn Affirmation (whichever is applicable) at the time of account opening / updation in Accounts of Resident & Non-Resident, Individual, Pakistanis having the Zakat Status as “Muslim Zakat Non-Deductible” and / or “Not Applicable”. Please note that the scanning should be done in Color for it to be uploaded and considered eligible by Registrar and / Zakat Audit authorities.
9. After Sub-Account opening process, AI in accordance with the Procedures prescribed by NCCPL under the CKO Regulations, 2017 will have to complete all required process for the issuance of UKN.³

3.1.2 Account Opening for client/(s) where UKN is issued:

1. The TREC Holder Participants will obtain duly filled and signed CRF along with UKN for the purpose of Account Opening from their prospective clients.
2. Biometric verification of Sub-Account Holder(s)² will be executed
3. For opening of Account, Participant will first insert UIN of the respective Sub-Account Holders in the Account mapping tab within account opening window.
4. Upon insertion of UIN, UKN field will become enabled (Mandatory) for the Sub-Account Holder(s) whose UKN is issued and the Participant will be required enter the respective UKN as mentioned in CRF.

³ UKN will be issued to the client after successful completion of KYC by NCCPL. During this process client will be allowed to undertake trading on basis of information provided through CP. In case there occurs any discrepancy in client's KYC process then the CDS account will be blocked by NCCPL except the option of selling of securities and pending settlements.

5. Participant is required to select contact person reference before fetching the respective details from CKO systems.
6. After fetching the data in CDS from KIS for the purpose of account opening through the Account Mapping tab, Participant will be required to input the CRF related fields³ before completing Save and Post account opening activity.
7. It is mandatory to upload CZ-50 (Original or attested in original) or Solemn Affirmation (whichever is applicable) at the time of account opening / updation in Accounts of Resident & Non-Resident, Individual, Pakistanis having the Zakat Status as “Muslim Zakat Non-Deductible” and / or “Not Applicable”. Please note that the scanning should be done in Color for it to be uploaded and considered eligible by Registrar and / Zakat Audit authorities.
8. After Sub-Account opening in CDS, Participant in the capacity of AI in accordance with the Procedures prescribed by NCCPL under the CKO Regulations, 2017 will be required to proceed with the UKN tagging process in KIS.

3.1.3 For tagging of existing Accounts (i.e. account opened before the roll out of CKO regime) with UKN

1. TREC Holder Participants will receive duly filled and signed KYC Application Form(s) from their Sub-Account Holder for the purpose of issuance of UKN through NCCPL.⁴
2. Biometric verification of Sub-Account Holder(s) will be executed² and all the required information collected through KYC Application Form(s) shall be entered in KIS for the issuance of UKN
3. For aligning the Sub-Account with the new regime (i.e. tagging of UKN in CDS), Participant will access the existing Sub-Account in update form and then insert UKN(s) of the respective Sub-Account Holder(s) in the Account Mapping tab.
4. After the insertion of UKN in CDS Sub-Account, the related information of the Sub-Account Holder will be transmitted to CDS through KIS.
5. Participant is required to select contact person reference before fetching the respective details from CKO systems.

⁴ Obtaining of New CRF Form is not required in this case

6. After fetching the data in CDS from KIS, Participant will have the option to update the CRF related fields³ in case of any change before completing Save and Post account updating activity.
7. It is mandatory to upload CZ-50 (Original or attested in original) or Solemn Affirmation (whichever is applicable) at the time of account opening / updation in Accounts of Resident & Non-Resident, Individual, Pakistanis having the Zakat Status as “Muslim Zakat Non-Deductible” and / or “Not Applicable”. Please note that the scanning should be done in Color for it to be uploaded and considered eligible by Registrar and / Zakat Audit authorities.

3.2 PROCESS FOR UPDATES

3.2.1 For Accounts Opened (before roll out of CKO Regime):

For updation in the existing sub-accounts without transferring them into CKO Regime, following process has to be adopted:

1. Account Title and Joint Holder(s) name are not allowed to be amended once inserted in the posted account. However, for matching the account title of existing Sub-Accounts with account title available in UIN database (in case of any change), Participants will use the “Synchronize” button in account setup tab and the system will update the title (account holder and joint) as per title(s) mentioned in the UIN database of NCCPL. However, Participants shall not use “Synchronize” button for accounts pertaining to Trustee, Minor and Manager-to-the-offer etc.
2. Any updation in CNIC / Passport no. / NICOP / Registration no. is not allowed. In case of any change due to issuance of a new document, written request shall be provided to CDC along with submission of certified true copy of relevant documents. Such updation in CDS will be allowed only after necessary changes are incorporated in NCCPL database.
3. Residential status of the Sub-Account is linked with the Residential Status of the Title Holder of the sub-account. Hence, Residential Status of Joint Holders can be different. In case where Residential Status is Repatriable, such as, Non-Resident Pakistani (Repatriable)

/ Foreigner (Repatriable), the Title Holder and all Joint Account Holders must possess the same Repatriation Status. Further, updation of residential status, as applicable, will be allowed based on written request of the Participant.

4. Permanent Address field is available in addition to the mailing address field in CDS with the selection of city, province and country (as applicable). The Residential Status is associated with the city, province and country fields such that the fields will be enabled or disabled as per the selected Residential Status.
5. Contact person can only be the Sub-Account Holder him / herself (or any of the Joint Holder(s)). Moreover, a person in whose name the Power of attorney is issued by the Sub-Account Holder(s) can also be the contact person being an Attorney. However, Attorney shall not be a Participant/TRE Certificate Holder or its Director or Representative, therefore, updations shall be made in strict accordance. However, the Sub-Account Holder, in case of individual account has the option for providing mobile number of Close Family Member subject to provision of Authority letter as per prescribed format defined in Annexure D. In case of Corporate Account(s), details of the officially appointed contact person would be entered into the system.
6. In case where there is a requirement for any change in the registration details of the Sub-Account Holders, the respective Participant itself can make requisite changes in the registration details based on written request & internal procedures framed in light of the Central Depository Company of Pakistan Limited Regulations and these Procedures.
7. For the purpose of account updation, the values of Nationality would be selected from the options available in the drop-down list instead of manual input. The system would ask to update the Nationality field at the time of any updation in existing accounts and the Participant would be required to select the appropriate Nationality accordingly.
8. In order to update Sub-Account, insertion of dividend mandate details i.e. International Bank Account Number (IBAN), Branch Details and Branch City is mandatory. It should be noted that the title of the bank account should be that of the Main Title Account holder only and that would be systematically populated or restricted accordingly. In order to facilitate Participants to ensure that the provided IBAN is authentic and belongs to Main Title Account Holder only, a disabled (view only) field is available in account setup

functionality in CDS namely “IBAN Title” having maximum length of 30 characters would be reflected from 1-Link as provided by the respective Banks.

9. In case of updation of Sub-Account pertaining to Minors, Manager-to-the-offer account etc., a request letter for by-pass will be required from the Participant, signed by their authorized signatories enabling the title of bank account to be updated accordingly. Further, in case of CDS account of a Minor, IBAN to be inserted therein would be that of the relevant Guardian. Moreover, in case of CDS account of Manager-to-the-Offer, IBAN to be inserted therein would be that of the relevant Acquirer.
10. Selection of “Contact Reference” in the Account Details tab is mandatory whereby a drop-down list is available for selection of the contact person for respective Sub-Account from any of the following applicable option while opening/updation of Individual accounts:
 - Principal
 - Attorney
 - Joint Holder1
 - Joint Holder2
 - Joint Holder3

For the purpose of existing Individual (Single) accounts where there is no Attorney available, system will automatically update the Contact Reference to be “Principal”. However, for all Individual accounts other than the above mentioned condition, the system would ask to update the Contact Reference field at the time of any updation in such Sub-Accounts.

11. It is mandatory to upload CZ-50 (Original or attested in original) or Solemn Affirmation (whichever is applicable) at the time of account opening / updation in Accounts of Resident & Non-Resident, Individual, Pakistanis having the Zakat Status as “Muslim Zakat Non-Deductible” and / or “Not Applicable”. Please note that the scanning should be done in Color for it to be uploaded and considered eligible by Registrar and / Zakat Audit authorities.

3.2.2 For Accounts Opened after the roll out of CKO Regime

For Sub-Accounts opened under the CKO Regime, updations in account details will be executed in the following manner:

KIS Related Fields: (Refer Annexure B for KIS related Fields)

- All KYC Application Form related details will be updated (as per the request of the client) by the respective Participant in KIS
- The updated information once approved by NCCPL will be automatically transmitted to CDS from KIS that would be updated in all the active Sub-Accounts of the respective UIN holder having the UKN tagged in CDS.

CRF Related Fields: (Refer Annexure C for CRF related Fields)

- All CRF related fields will be updated (as per the request of the client) by the respective Participant directly in CDS.
- Updation rights through a request letter signed by authorized personnel will need to be obtained from CDC for the following two types of updations:
 - Salutation Prefix
 - Repatriation Status
- It is mandatory to upload CZ-50 (Original or attested in original) or Solemn Affirmation (whichever is applicable) at the time of account opening / updation in Accounts of Resident & Non-Resident, Individual, Pakistanis having the Zakat Status as “Muslim Zakat Non-Deductible” and / or “Not Applicable”. Please note that the scanning should be done in Color for it to be uploaded and considered eligible by Registrar and / Zakat Audit authorities.

Updation of Title through Salutation Prefix:

At the time of account opening / updation, in case where the account title is different from the UIN database of NCCPL for e.g. Trustee accounts, account of the Minors, accounts for Manager-to-the-offer etc., a request letter for updation rights will be required from the Participant for the relevant addition in title, signed by their authorized signatories along with the certified true copies of the relevant supporting documents. Upon provision of relevant documents, CDC will provide

update rights after which the Participant will select the correct option from the drop down of “Salutation Prefix” enabling the authority to insert the title other than the title mentioned in the UIN database.

Update of Repatriation Status:⁵

- Participant will send a request letter to CDC on Company’s letterhead duly signed by its authorized signatories for acquiring update rights w.r.t repatriation status⁶ as permissible.
- Participant will perform the relevant change in CDS upon granting of update rights by CDC

⁵ Repatriation Status can only be changed from Repatriable to Non-Repatriable

⁶ Change of Resident Status will be allowed where UIN itself is not being changed

CHAPTER 4: GENERALIZED CONDITIONS

1. Bank Details: TREC Holder Participants shall use the information of the Main Applicant as provided in the KYC Application Form and enter the same in CP which shall be transmitted to CDS accordingly.
2. Residential status: TREC Holder Participants shall use the information of the Main Applicant as provided in the KYC Application Form and enter the same in CP which shall be transmitted to the CDS accordingly.
3. Contact Person: For the opening of Individual account, TREC Holder Participants shall use the information as provided in the KYC Application Form and enter the same in CP which shall be transmitted to the CDS accordingly as selected in the Account Mapping screen of CDS. The Contact Person shall not be the person other than the Main Applicant or any one of the Joint Applicant or an Attorney. However, the Sub-Account Holder has the option for providing mobile number of Close Family Member subject to provision of Authority letter as per prescribed format defined in Annexure D. Where Contact person is an Attorney, all the required information must be obtained in the CRF and the same shall be entered in CDS while retaining an attested copy of Power of Attorney. In case of Corporate Accounts, Contact Person shall be an officially appointed personnel as specified in the KYC Application Form.
4. The Sub-Account Holder is not a minor and fulfils the requirements of the Companies Act, 2017, the Central Depositories Act, 1997 and the Central Depository Company of Pakistan Limited Regulations in respect of a shareholder of a company. However, minor through a guardian can open a Sub-Account.
5. Sub-Account is not in the name of “Trust”. The Sub-Account title for a trust can only be in the name of the “Trustee”. Example: (ABC Trustee)-(XYZ Income Fund).
6. A Sole Proprietorship or a Partnership Firm (with the exception of Limited Liability Partnership formed under the Limited Liability Partnership Act, 2017) cannot open and maintain a Sub-Account in CDS, however they can open and maintain a Sub-Account in the name of Sole Proprietor or Partner(s).

7. A Participant who is a registered Securities Broker shall not open and/or maintain Sub-Account in CDS in its own name either under its own Participant ID or with any other Participant. Non-broker Participant may have Sub-Accounts with other Participants.
8. Zakat status is linked with the Residential Status such that where the status selected is Resident Pakistani, Non-Resident Pakistani (Repatriable) or Non-Resident Pakistani (Non-Repatriable), the Zakat status is required. For all other selections it will be automatically marked as 'Not Applicable'.
9. It is mandatory to upload CZ-50 (Original or attested in original) or Solemn Affirmation (whichever is applicable) at the time of account opening / updation in Accounts of Resident & Non-Resident, Individual, Pakistanis having the Zakat Status as "Muslim Zakat Non-Deductible" and / or "Not Applicable". Please note that the scanning should be done in Color for it to be uploaded and considered eligible by Registrar and / Zakat Audit authorities.
10. Additional Account Title field will be disabled for Updation of account. In case any change is required in Additional Account Title field, written request by the Participant shall be provided to CDC along with the relevant documents.
11. Subsequent to the opening of Sub-Account, addition / deletion of Joint Holder(s) is not allowed.
12. In light of Section 79 of the Companies Act 2017, the person to be nominated shall not be a person other than the close relatives of the sub-account holder, namely, a spouse, father, mother, brother, sister and son or a daughter.
13. In case of Joint Holders, input of nominee detail will not be allowed.
14. In case of individual account, Business and Participant address is not allowed in the permanent address field.
15. In case of corporate account, Registered/Head office address should be entered in permanent address field.
16. Mailing address should be correct and complete i.e. (House #, Street #, Sector / Block / phase/ number, nearest land mark, area, city, province & country name). In case the permanent address is same as the mailing address, the Participant will be able to copy the same address.
17. Attorney Details as mentioned in CRF must be inserted in the attorney fields (where applicable).

18. Residential status of the sub-account will be linked with the residential status of the Title Holder of the Sub-Account. Hence, residential status of Joint Holders can be different. In case where Residential Status is Repatriable, such as, Non-Resident Pakistani (Repatriable) / Foreigner (Repatriable), the Title Holder and all Joint Account Holders must possess the same Residential Status. Further, updation of Repatriation status, as applicable, will be allowed based on written request of the Participant.

19. **Salutation Prefix:** The functionality has been created to facilitate updation of title in case of Trustee, Minor, and Manager to the offer accounts etc. Selection of the required option from the drop-down field will prevent auto updation of title (for accounts tagged with UKN) in case of any changes in account details.

NOTES:

1. Tagging of Account Fields:

Tagging of Account Fields	Principal A/C Holder	Contact Person
Zakat Status	√	
Account Residential Status	√	
Web Access		√
Alerts		√

2. Error list for KYC Regime:

Available as Annexure A

3. Selection of Nationality:

All the Sub-Accounts where the Residential Status is Resident and/or Non-Resident Pakistani, the Nationality would be automatically updated with Pakistan. However, for other than the Resident and Non-Resident Pakistani Status, the current values have not been changed.

CHAPTER 5: SAHULAT ACCOUNT OPENING

Sahulat Account is a facility introduced by PSX whereby an individual investor is allowed to open and maintain one Sahulat Sub-Account (with single client code) and one Sahulat Investor Account (IAS) at a time. The facility of Sahulat Accounts is not excluded from CKO regime however, the process of verification is limited and hence the Sahulat Account Holder will be required to undergo the process of biometric and mobile number verification.

The Account opening process will be the same as detailed in above headings 3.1.1 and 3.1.2. However, terms and conditions pertaining to Sahulat Accounts are detailed below:

TERMS & CONDITIONS:

The Sahulat Account can be opened only by Resident Pakistani individuals with AIs that are Securities Brokers and it shall be subject to following conditions:

- Only one client code can be tagged by a Securities broker for Sahulat Account Holder in NCSS
- Sahulat Account Holder is allowed to open and maintain one Sahulat Sub-Account and/or one Sahulat IAS
- Resident Pakistani individuals already maintaining Sahulat or Regular Sub-Account with AIs that are Securities Brokers are not eligible for opening any other Sahulat Sub-Account and vice versa.
- Sahulat Account cannot be opened with joint holders
- Sahulat Account holders are only eligible to such position and custody limits as notified by PSX from time to time with prior approval of SECP.

ANNEXURES

Annexure A

CKO Error Messages		
S.No	Error Condition	Message
1	If UIN is exist on CKO systems and/or account is opened by Initiator CM and other CM attempt to fetch data via this UIN then system show following message	Participant Id<Participant Id> not allowed to open account for client without entering the UKN Number in CDS In case of any query, please call CDC Call Centre at 0800 - 23275 (CDCPL).
2	When Biometric is not done	Biometric verification of UIN <UIN#> with the Participant <Login_Element_Id> is not done
3	Data fetched successfully but any UIN Title length is greater than 60 characters	"Information fetched successfully However following are some of anomalies: Principal Account Title length is greater than 60 characters Kindly contact CDC Customer Support for facilitation at Toll Free No 0800 - 23275 (CDCPL).
4	If UIN does not exist on CKO Systems although UIN is created then following message is shown "Principal UIN is invalid"	<UIN #> data does not exist on CKO Systems. In case of any query, please call CDC Call Centre on 0800 - 23275 (CDCPL).
5	Contact Person is changed but relevant data is not fetched	"Contact Person changed, relevant information not fetched"

KIS Related Fields

Corporate
Address Details of Customer
Other Details such as: <ul style="list-style-type: none">• Email address• Mobile Number etc.
Bank Details
Details of Contact Person of the Customer

Individual
Address Details of Account Holder(s)
Other Contact Information such as: <ul style="list-style-type: none">• Email address• Mobile Number etc.
Bank Details
Details of Contact Person in case of Joint Account

CRF Related Fields

- Selection of Contact Person in Account Mapping Screen
- Salutation Prefix
- Particulars of Nominee
- Details of Attorney
- Zakat Status
- e-info (Change in selection is allowed subject to mandatory requirements)

Annexure D

[Applicable for all Resident Pakistani Individual Account other than those established under CKO Regime]

[Date]
[Name of Participant]
[Address of Participant]
[City]

Dear Sir,

Subject: Authority Letter under Regulation 6.7.1 of the CDC Regulations

I/we, the undersigned, maintaining Sub-Account No. _____ under your CDS Participant ID No. _____, hereby authorize you to enter the mobile number of my Close Family Member named below with the relevant details, as part of my Registration Details in the CDS. This information will also be used for the purpose of receiving SMS alerts from CDC on my/our behalf:

1. Name of Close Family Member: _____ s/w/d/o _____, bearing CNIC / SNIC/ NICOP / ARC / POC / Passport No. _____ who is the Close Family member of [Name of Main Applicant/ either of Joint Applicant].

2. Relationship with the aforementioned Person: [Please tick the appropriate box below]

- Father
- Mother
- Son
- Daughter
- Husband

3. Local Mobile No. of Close Family Member: _____

This authorization is issued under and in terms of Regulation 6.7.1 of the CDC Regulation which shall be implemented under intimation to me/us.

Signatures:

Main Applicant

Joint Applicant 1

Joint Applicant 2

Joint Applicant 3
