

Fact Sheet for Institutional Memberships

Rights/Requirements	Commodity Specific Institutional Clearing Membership	Commodity Specific Trading Membership
Who Can Apply	<ul style="list-style-type: none"> a. Registered Commodity Associations with Bye Laws permitting trading in specific commodities b. List of promoters together with their certified Network Statements to be submitted at the time of application 	<ul style="list-style-type: none"> a. Individual Members of Registered Commodity Associations b. Must have been active Members of the Commodity Association for at least 5 years prior to the date of the application c. Application to be made to NCEL by the Commodity Specific Institutional Clearing Member on behalf of the applicant with full disclosures
Rights	<ul style="list-style-type: none"> a. Conditional approval subject to setting up of a purpose specific corporate entity with minimum paid-up-capital equivalent to minimum Network b. Appoint Trading Members registered with the Exchange & SECP who can trade in commodities permitted under the Bye Laws c. Cannot Trade on the Exchange d. Maintain Trading Members and clients' deposits on behalf of its Trading Members 	<ul style="list-style-type: none"> a. For a member of a professional body b. To be approved by and registered with the Exchange and SECP c. Trade on own account and on behalf of Clients in commodities permitted under the Bye Laws d. Clients' Deposits to be held by the Commodity Specific Institutional Clearing Member in a segregated bank account e. Clear only through Commodity Specific Institutional Clearing Member
Minimum Network	<ul style="list-style-type: none"> a. Rs20.0 million with a minimum of 20 Commodity Specific Trading Members as shareholders. Thereafter, the network requirement will increase by Rs1.0 million with each additional Commodity Specific Trading Member 	Rs1.0 million
Minimum Clearinghouse Deposit	Rs10.0 million with a lock-in period of 3 years for a minimum of 20 Commodity Specific Trading Members. Thereafter, the requirement will increase by Rs0.5 million with each additional new Commodity Specific Trading Member	Rs1.0 million per Trading Member to be deposited with the Commodity Specific Institutional Clearing Member for onward deposit with the Clearinghouse
Admission Fee Non-Refundable	Rs2.5 million	Rs0.10 million

- a. Commodity Specific Institutional Clearing Membership**
 - Appoint Commodity Specific Trading Members
 - Settle and Clear all trades only on behalf of its Commodity Specific Trading Members
 - Professional Management certified by NCEL
 - Registration with SECP

- b. Commodity Specific Trading Membership**
 - Trade on own account
 - Trade on account of Clients
 - Cannot hold Clients' deposits
 - Settle and Clear own and client trades through Commodity Specific Institutional Clearing Member
 - Registration with NCEL and SECP

For the new Memberships, Paid-Up Capital (in cash only) & Minimum Net Worth requirements would be determined as follows:

Net worth will be calculated as follows:	
Paid up Capital	
Add: Reserve & Surplus (excluding revaluation reserves)	
Less: Accumulated losses if any -	
Less: Miscellaneous Expenditure -	
Total Net worth	

Additional Conditions:

- Memberships have to be activated within 6 months of being granted by registering with the SECP as an NCEL Broker
- Only a purpose specific corporate entity will be granted Membership except in the case of Commodity Specific Trading Memberships
- Dominant Promoter should at least be a graduate; this condition could be relaxed in case the Dominant Promoter has over five years of Commodity Markets experience evidenced by a Membership of a registered Commodity Association for at least five years and / or with relevant experience or qualification.
- All financial statements will require certification by State Bank of Pakistan's A & B panel of approved Auditors
- Additional documents may be required periodically to verify cash in bank, etc.
- Certification by NCEL of CEO and Head of Internal Audit/Compliance of the newly formed Institutional Commodity Specific Clearing Entity and Individual Trading Members will be mandatory

NCEL Board reserves the right to impose additional requirements for Membership on a case by case basis.