

Annexure A to DMMD Circular No.07 of 2021

Criteria for Selection of Primary Dealers (PDs), Preliminary Primary Dealers (PPDs) and Special Purpose Primary Dealers (SPDs)

	Selection Criteria	PDs	PPDs	SPDs
1	Eligible Institutions	Banks / DFIs / Investment Banks / Listed Brokerage Houses.	DFIs / Investment Banks / Listed Brokerage Houses.	Securities' Depositories and Clearing Institutions.
2	Minimum Capital Requirements	Banks/DFIs applying for the PD status must have met the minimum regulatory capital requirement of SBP as of last financial year end. All other applicants for the PD status must have minimum equity (net of provisions and capitalized losses if any) of PKR 1,000 million.	DFIs applying for the PPD status must have met the minimum regulatory capital requirement of SBP as of last financial year end. All other applicants for the PPD status must have minimum equity (net of provisions and capitalized losses if any) of PKR 500 million.	Applicants for the SPD status must have minimum equity (net of provisions and capitalized losses if any) of PKR 500 million.
3	Business Plan	Applicants, in case of Banks and DFIs, will be required to submit a Business Plan duly approved by the ALCO and in case of other eligible institutions by the Board of Directors, as per the format attached at Annexure E.		
4	Professional Experience Requirement of Key Treasury Personnel	Minimum five (05) years of relevant professional experience will be required for key personnel in treasury front and back offices, including head of Treasury, Fixed Income trading & settlement, and/or personnel supervising PD function.	Minimum three (03) years of relevant professional experience will be required for key personnel in treasury front and back offices, including head of Treasury, Fixed Income trading & settlement, and/or personnel supervising PPD function.	Minimum three (03) years of relevant professional experience will be required for key personnel responsible for the settlement side.
5	Secondary Market Participation	Applicants' level of participation in the secondary market for the last one year will also be a criterion for selection as PD/PPD.		NIL.
6	Equipment and other Technical Requirements	As an indication of strong managerial /trading capabilities, applicant's treasury operations have to be fully computerized. All applicants must also be equipped with modern treasury infrastructure, including: <ul style="list-style-type: none"> a) Dealing Terminals including Refinitiv/Bloomberg. b) Phone Recording Systems (with records retained for a period of 90 days). c) Telex/Swift. d) Fax machines. e) High speed internet 		

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		f) Any other equipment necessary for conduct of treasury operations.		
7	Adequate Risk Management Systems	Applicant must have adequate risk management systems to measure, manage and provide for the risks emanating from the PD activity, including arrangements for Business Continuity.		
8	Display of Relevant Information on Websites	An applicant applying for PD/PPD/SPD status must display complete information regarding process, methodologies, charges and forms required for investment in Government securities, on their official websites.		
9	Reasonable IPS Charges	Charges imposed by the applicant on Investor's Portfolio of Securities Account should be reasonable and in line with SBP's objective to broaden the investor base of Government securities.		
10	Fulfillment of Market Making Obligations (For re-applicants only)	<p>The applicant must have met the applicable market making obligations specified by the SBP from time to time.</p> <p>To secure the status of PD/PPD, the applicant has to be a "MARKET MAKER", quoting two-way prices and keeping trading desk open throughout the day for marketable Government securities.</p>	Not Applicable	
