

Criteria for selection of Auditors for the System Audit of Brokers (February 15, 2016)

"Annexure A"

(SECP APPROVED CRITERIA)

Criteria for Auditors

1. The criteria for the Auditors to be eligible for inclusion in the Panel of Auditors for System Audit of brokers shall be as follows:
 - 1.1 The Auditors shall be a Chartered Accountants firm within the meaning of the Chartered Accountants Ordinance, 1961;
 - 1.2 The Auditors must have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan;
 - 1.3 The Audit firms shall have their office in Karachi, **Lahore or Islamabad** as per the ICAP members' directory applicable on the ballot date;
 - 1.4 The Audit firm must have experience of conducting statutory/system audits and/or comprehensive investigations of brokerage houses;
 - 1.5 In case the Audit firm does not have prior experience of performing audits/ investigations as stated in clause 5 above, the engagement partner of such Audit firm must have prior audit experience of brokerage houses;
 - 1.6 The Auditor shall be on Category A and B of the State Bank of Pakistan's Panel of Auditors on the ballot date.

2. Further, the brokerage houses are to select Audit firms from within the category as under:

Brokerage House	As at		Threshold	Allowed Category of Audit Firm	
	For JULY Ballot	For JAN Ballot		A	B
Listed Brokerage House	30JUN	31DEC	-	✓	X
Net Capital Balance for Unlisted Brokerage House	31DEC	30JUN	Rs500 million and above	✓	X
			Less than Rs500 million	✓	✓

Note

The Exchange shall invite applications from Audit firms who are desirous to list on the panel of Auditors for System Audit, on the form prescribed by the Exchange and amended form time to time.