The Institute of
Chartered Accountants
of Pakistan

CA
PAKISTAN

HEAD OFFICE

Circular No. 12/2020

September 9, 2020

ALL PRACTICING MEMBERS OF THE INSTITUTE

Dear Member

Format of Review Report on the Statement of Net Capital Balance

The Institute in consultation with the Securities and Exchange Commission of Pakistan (SECP) has developed the enclosed format of auditor's review report on the statement of Net Capital Balance (NCB).

The format of the review report is being issued consequent to the amendments in the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations). The revised Regulations now require the securities brokers to submit statement of NCB (as of the close of second quarter of securities broker's accounting year), reviewed by their statutory auditors'. Previously, securities brokers were required to submit 'audited' statement of NCB on a half yearly basis.

Members are advised to use the enclosed format of review report on the statement of NCB.

Yours truly

Sohail Malik
Director Technical Services

Encls: as above

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Review Report on Statement of Net Capital Balance

To the Chief Executive Officer of [__________(the Securities Broker)]

Introduction

We have reviewed the accompanying Statement of Net Capital Balance of ------------- (the Securities Broker) as at .... and notes to the Statement of Net Capital Balance (here-in-after referred to as the 'the statement'). Management is responsible for the preparation of the statement in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) issued by the Securities & Exchange Commission of Pakistan (SECP). Our responsibility is to express a conclusion on the statement based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, '*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*' which applies to review of historical financial information performed by the independent auditor of the Securities Broker. A review of historical financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Modified Conclusion/ Disclaimer of conclusion
(Applicable in case of modified conclusion/ disclaimer of conclusion in accordance with ISRE 2410)

Conclusion[1]

Based on our review, nothing has come to our attention that causes us to believe that the accompanying statement is not prepared, in all material respects, in accordance with the requirements of Second Schedule of the Regulations.

Other Matter - Restriction on Distribution and Use

Our report is intended solely for ------------- (the Securities Broker), SECP, Pakistan Stock Exchange and National Clearing Company of Pakistan Limited and should not be distributed to any other parties. Our conclusion is not modified in respect of this matter.

[Name of engagement partner]
[*Signature*]
[*Place/ location*]
[*Date*]

Note:
[1] *In case of modification, conclusion section be amended in accordance with the requirements of ISRE 2410.*