



PAKISTAN STOCK BROKERS ASSOCIATION

(A company setup under section 42 of the Companies Act 2017)

Regd Office: Mezzanine Floor, Trading Hall, Stock Exchange Building, Stock Exchange Road,
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PSBA/Notice-189

December 05, 2024

NOTICE FOR MEMBERS

PROPOSED AMENDMENTS TO CHAPTER 6 GOVERNMENT DEBT SECURITIES (GDS) MARKET REGULATIONS OF PSX REGULATIONS

This is in reference to the notification PSX/N-1168 dated December 05, 2024 (attached), whereby the comments have been invited by the PSX:

In this regard, the members are hereby requested to kindly submit your comments, if any, at psamail024@gmail.com latest by **December 09, 2024**, so that a consolidated response is submitted to the authorities for their consideration.

Sd
Akber Ali
Officer - Secretariat

Copy to:

1. PSBA Website

INVITATION OF PUBLIC COMMENTS

PROPOSED AMENDMENTS TO CHAPTER 6 [GOVERNMENT DEBT SECURITIES (“GDS”) MARKET REGULATIONS] OF PSX REGULATIONS

This is to inform the public that the PSX, in exercise of the power conferred upon it u/s (7) of the Securities Act, 2015, is proposing amendments to Chapter 6 of PSX Regulations.

Currently, the eligible commercial banks are allowed as Trading Participants for trading of subsidiary general ledger account based GDS on their proprietary accounts at PSX and they can also perform market making activities for listed debt securities including GDS.

In order to enhance participation and liquidity in the CDS eligible GDS Market trading at PSX, the commercial banks as well as mutual funds are also proposed to be authorized as Trading Participants for executing secondary market trading in CDS eligible GDS for their proprietary account.

It is pertinent to highlight that the proviso to clause 6.1.(q) in Chapter 6 of PSX Regulations empowers PSX to authorize any entity as Trading Participants for CDS eligible GDS with the approval of Securities and Exchange Commission of Pakistan. However, for added clarity, the terms ‘commercial banks’ and ‘mutual funds’ are proposed to be specified in the relevant provisions of Chapter 6 of PSX Regulations.

INVITATION OF PUBLIC COMMENTS:

In terms of Section 7(3) of the Securities Act, 2015, all interested parties are invited to provide written comments on the proposed amendments to PSX Regulations, which are attached herewith as **Annexure A**. The comments can be submitted by **December 12, 2024** through such modes and in such manner as prescribed in the ‘Guidelines for Submission of Comments’, which are attached herewith as **Exhibit A**.



AJEET KUMAR
Chief Regulatory Officer

Cc:

1. The Executive Director/HOD (PRDD), SMD, SECP
2. The Chief Executive Officer, PSX
3. The Chief Executive Officer, CDC
4. The Chief Executive Officer, NCCPL
5. The Chief Executive Officer, PMEX
6. The Chief Executive Officer, E-Clear
7. The Chief Executive Officer, IFMP
8. The Chief Executive Officer, MUFAP
9. The Secretary General, PSBA
10. The General Secretary, FMAP

“ANNEXURE A”

PROPOSED AMENDMENTS TO CHAPTER 6 OF PSX REGULATIONS

Existing PSX Regulations	Proposed Amendments	Rationale
<p>6.1. DEFINITIONS:</p> <p>In this chapter, unless the subject or context otherwise requires:</p> <p>(q) “Trading Participant” means a Securities Broker or Commercial Bank authorized by the Exchange in accordance with procedure laid down in Regulation 6.3. to trade in Government Debt Securities through the Trading System;</p> <p>Provided that Trading Participant for CDS eligible GDS shall include Securities Broker or any other entity as authorized by the Exchange after approval of the Commission.</p>	<p>6.1. DEFINITIONS:</p> <p>In this chapter, unless the subject or context otherwise requires:</p> <p>(q) “Trading Participant” means a Securities Broker or Commercial Bank authorized by the Exchange in accordance with procedure laid down in Regulation 6.3 and 6.5 to trade in Government Debt Securities through the Trading System;</p> <p>Provided that Trading Participant for CDS eligible GDS shall include Securities Broker, Commercial Bank, Mutual Fund or any other entity as authorized by the Exchange after approval of the Commission.</p>	<p>The proviso to this clause empowers PSX to designate any other entity, in addition to securities brokers, as Trading Participants for CDS eligible GDS. However, for the sake of clarity and transparency, it is proposed to specify</p>
<p>6.3. TRADING PARTICIPANTS:</p> <p>The following shall be eligible to become Trading Participants to trade in Government Debt Securities in GDS Market on the Trading System through Trading Terminals provided by the Exchange:</p> <p>(a) All Securities Brokers that have access to trade in equity securities on the Trading System are eligible to participate in the GDS Market of the Exchange for trading in their Proprietary Accounts or in the accounts of the Eligible Clients having IPS Accounts and/or Cash Accounts with any Clearing Participant;</p> <p>(b) All Commercial Banks registered with SBP.</p> <p><u>New Insertion</u></p>	<p>6.3. TRADING PARTICIPANTS:</p> <p>No Change</p> <p>No Change</p> <p>(b) All Commercial Banks registered with SBP <u>for trading on proprietary account.</u></p> <p><u>(c) Mutual Funds for trading in CDS eligible GDS on proprietary account.</u></p>	<p>‘Commercial Bank’ and ‘Mutual Fund’ in this Chapter.</p> <p>As provided above.</p>

Existing PSX Regulations	Proposed Amendments	Rationale
<p>6.5. PROCEDURE FOR ADMISSION OF TRADING PARTICIPANT AND CLEARING PARTICIPANT:</p> <p>(a) A Securities Broker which is eligible to become a Trading Participant in accordance with regulation 6.3. above shall apply to the Exchange as per the format prescribed by the Exchange from time to time.</p> <p>(b) Commercial Bank which is eligible to become a Trading Participant in accordance with regulation 6.3. above shall apply to the Exchange on a standardized form as set out in Annexure-A along with an unconditional undertaking to the Exchange as set out in Annexure-B.</p> <p>(d) On completion of all the relevant requirements;</p> <p>(i) The Securities Broker shall be allowed to become Trading Participant for trading in its Proprietary Account or on behalf of Eligible Clients having IPS Accounts and/or Cash Accounts with any Clearing Participant.</p> <p>(ii) A Commercial Bank which has applied for Trading Participant shall be allowed to become Trading Participant for its Proprietary Account in GDS Market of the Exchange.</p>	<p>No Change</p> <p>No Change</p> <p>(b) Commercial Bank or Mutual Fund, which is eligible to become a Trading Participant in accordance with regulation 6.3. above, shall apply to the Exchange on a standardized form as set out in Annexure-A along with an unconditional undertaking to the Exchange as set out in Annexure-B.</p> <p>(d) On completion of all the relevant requirements;</p> <p>(i) The Securities Broker shall be allowed to become Trading Participant for trading in its Proprietary Account or on behalf of Eligible Clients having IPS Accounts and/or Cash Accounts with any Clearing Participant.</p> <p>(ii) A Commercial Bank which has applied for Trading Participant shall be allowed to become Trading Participant for its Proprietary Account in GDS Market of the Exchange.</p> <p><u>(iii) A Mutual Fund which has applied for Trading Participant shall be allowed to become Trading Participant for trading on its Proprietary Account in CDS eligible GDS at the Exchange.</u></p>	<p></p> <p>As provided above.</p> <p>As provided above.</p>

Existing PSX Regulations	Proposed Amendments	Rationale
<p>(iii) A Commercial Bank which has applied for Clearing Participant shall be allowed to become Clearing Participant for its IPS Account holders including its proprietary IPS Account.</p> <p>(iv) CDC shall be allowed to become Clearing Participant for its IPS Account holders including its Proprietary IPS Account.</p>	<p><u>(iv)</u> A Commercial Bank which has applied for Clearing Participant shall be allowed to become Clearing Participant for its IPS Account holders including its proprietary IPS Account.</p> <p><u>(v)</u> CDC shall be allowed to become Clearing Participant for its IPS Account holders including its Proprietary IPS Account.</p>	
<p align="center">Annexure-A</p> <p align="center">FOR APPROVED BANKS</p> <p align="center">FORM OF APPLICATION FOR TRADING PARTICIPANT OF THE EXCHANGE</p>	<p align="center">Annexure-A</p> <p align="center">FOR APPROVED BANKS <u>/ MUTUAL FUNDS</u></p> <p align="center">FORM OF APPLICATION FOR TRADING PARTICIPANT OF THE EXCHANGE</p>	<p>As provided above.</p>



“EXHIBIT A”

GUIDELINES FOR SUBMISSION OF COMMENTS

1. PSX invites the interested parties to provide their comments and views with specific reference to the subject matter of the proposed amendments to PSX Regulations notified in this Notice.
2. The comments can be submitted through any of the following modes:

Email	comments.rad@psx.com.pk
Mail	The Chief Regulatory Officer, Regulatory Affairs Division, 2 nd Floor, Administration Building, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi – 74000.

3. At the time of submission of comments, respondent is advised to provide the information, as per **Table-A** below, so that PSX may contact him/her for clarification or deliberation on the comments, if needed. Anonymous responses may be disregarded by PSX.

Table-A

TO BE FILLED BY THE RESPONDENT	
Name of respondent	
Name of company (if applicable)	
Designation (if applicable)	
Contact Number	
Email Address	

4. The respondent may request confidential treatment for his/ her identity and all or any part of comments due to their proprietary, confidential or commercial nature, by clearly marking the information in **Table-B** below:

Table-B

DISCLOSURE OF IDENTITY AND COMMENTS
Please check the box(es) if you wish to be remain confidential: <input type="checkbox"/> I wish to have my identity remain confidential. <input type="checkbox"/> I wish to keep all or any part of my comments confidential.

If respondent wishes to keep any part(s) of comments confidential, then he/she is required to clearly specify such part(s) of comments.

5. To ensure quality and promote transparency, PSX will publish the relevant comments of respondents and its management’s response thereon in the form of a **Response Paper** on its website, within a reasonable timeframe, after close of public consultation session, unless the respondent has made a confidentiality request.
6. Any policy or rule amendment may be subject to regulatory concurrence. For this purpose, respondents should note that notwithstanding any confidentiality request, PSX will share all their response(s) with the Securities and Exchange Commission of Pakistan (Apex Regulator).
7. By submitting comments, respondents are deemed to have consented to the collection, use and disclosure of data that is provided to PSX, unless respondents wish to have their identity or comments remain confidential.