



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,
Off IJ Chundrigar Road, Karachi.

Tel: 021-32401278, E-mail: secretariat@psba.pk, Web: www.psba.pk, Fax: 021-32401279

PSBA/Notice-124

December 05, 2023

NOTICE FOR MEMBERS

PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO REQUIRING THE LISTED COMPANIES INCLUDED IN THE ISLAMIC INDICES TO REPORT SHARIAH DISCLOSURES TO PSX

This is in reference to the notification PSX/N-1227 dated **December 05, 2023 (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 15, 2023**, 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 PSX REGULATIONS IN RELATION TO REQUIRING
THE LISTED COMPANIES INCLUDED IN THE ISLAMIC INDICES TO REPORT SHARIAH
DISCLOSURES TO PSX**

This is to inform the public that Pakistan Stock Exchange Limited (PSX), in exercise of power conferred upon it u/s 7 of the Securities Act, 2015, is proposing amendments to its Regulations in relation to requiring the listed companies included in the Islamic indices to report Shariah disclosures to PSX.

The Fourth Schedule of the Companies Act, 2017 ("Act") prescribes "Disclosure requirements as to financial statements of listed companies and their subsidiaries", which are disclosed in the annual financial statements and are in addition to the disclosure requirements prescribed in the IFRS.

Furthermore, Sub-Clause 10 of Clause VI of Part I of the Fourth Schedule of the Act requires the companies listed on the Islamic indices to disclose additional information in their financial statements, as reproduced below:

<p style="text-align: center;">THE COMPANIES ACT, 2017</p> <p style="text-align: center;">FOURTH SCHEDULE</p> <p style="text-align: center;">DISCLOSURE REQUIREMENTS AS TO FINANCIAL STATEMENTS OF LISTED COMPANIES AND THEIR SUBSIDIARIES</p> <p style="text-align: center;">PART I GENERAL REQUIREMENTS</p> <p>VI. The following shall be disclosed in the financial statements, namely: ___</p> <p>10. Shariah compliant companies and the companies listed on Islamic index shall disclose:</p> <ul style="list-style-type: none">(i) Loans/advances obtained as per Islamic mode;(ii) Shariah compliant bank deposits/bank balances;(iii) Profit earned from shariah compliant bank deposits/bank balances;(iv) Revenue earned from a shariah compliant business segment;(v) Gain/loss or dividend earned from shariah compliant investments;(vi) Exchange gain earned;(vii) Mark up paid on Islamic mode of financing;(viii) Relationship with shariah compliant banks; and(ix) Profits earned or interest paid on any conventional loan or advance.
--

In order to ensure that the listed companies which are included in the Islamic indices provide complete and timely Shariah disclosures as stipulated in the Act, PSX is proposing following amendments to be made in PSX Regulations:

1. Provide complete Shariah disclosures as stipulated in the Act and relevant regulations within sixty (60) days of the close of second quarter and within one hundred and twenty (120) days following the close of financial year.

It may be noted that the relevant listed companies may disseminate the above information to PSX through PUCARS separately or as a part of second quarter financial statements and annual financial statements, as the case may be.

2. In case of non-compliance by a relevant listed company with the dissemination of Shariah disclosures in complete and timely manner, PSX is proposing to impose a fine of PKR 100,000 and per day fine of PKR 10,000 during which the non-compliance continues.

INVITATION OF PUBLIC COMMENTS:

In terms of Section 7(3) of the Securities Act, 2015, all concerned are invited to provide written comments on the proposed amendments to PSX Regulations in relation to the above matter, which are attached herewith as **Annexure A**.

The comments can be submitted latest by **December 18, 2023** through any of the following modes and in such manner as prescribed in the 'Guidelines for Submission of Comments' which are attached herewith as **Exhibit A**:

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.



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



“ANNEXURE A”

PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO REQUIRING THE LISTED COMPANIES INCLUDED IN THE ISLAMIC INDICES TO REPORT SHARIAH DISCLOSURES TO PSX

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE						
<p>5.6. DISCLOSURE OF INFORMATION, TRADING HALTS AND CREDIT OF DIVIDENDS:</p> <p align="center"><u>New Insertion</u></p>	<p>5.6. DISCLOSURE OF INFORMATION, TRADING HALTS AND CREDIT OF DIVIDENDS:</p> <p><u>5.6.9A. REPORTING OF SHARIAH DISCLOSURES:</u></p> <p><u>5.6.9A.1. A Listed Company included in the Islamic indices shall disseminate to the Exchange such additional disclosures as prescribed in Sub-Clause 10 of Clause VI of Part I of the Fourth Schedule of the Companies Act within:</u></p> <p><u>(a) sixty days of the close of second quarter; and</u></p> <p><u>(b) one hundred and twenty days of the close of financial year.</u></p> <p><u>5.6.9A2. The above information may be disseminated separately or as a part of financial statements.</u></p>	<p>Due to significance of these disclosures, particularly for the composition of Islamic indices, it is considered important that these additional disclosures, as stipulated in Sub-Clause 10 of Clause VI of Part I of Schedule IV of the Companies Act, 2017, are disseminated to PSX in a complete and timely manner.</p> <p>To ensure effective compliance therewith, a penalty provision is proposed to be inserted in PSX Regulations.</p>						
<p>5.21. DISCIPLINARY ACTIONS:</p> <p>5.21.1. Any Listed Company which fails or refuses to comply with, or contravenes any provision of these Regulations, or knowingly and willfully authorizes or permits such failure, refusal or contravention, shall, be liable to disciplinary action(s) by the Exchange as specified below:</p> <p>(f) Impose a fine as specified below:</p> <p align="center"><u>New Insertion</u></p>	<p>5.21. DISCIPLINARY ACTIONS:</p> <p align="center">No Change</p> <p>(f) Impose a fine as specified below:</p> <table border="1" data-bbox="644 1794 1125 1946"> <thead> <tr> <th>REGULATION NO.</th> <th>AMOUNT OF PENALTY</th> <th>AMOUNT OF PENALTY FOR EVERY DAY DURING WHICH THE DEFAULT CONTINUE</th> </tr> </thead> <tbody> <tr> <td><u>5.6.9A</u></td> <td><u>PKR 100,000</u></td> <td><u>PKR 10,000</u></td> </tr> </tbody> </table>	REGULATION NO.	AMOUNT OF PENALTY	AMOUNT OF PENALTY FOR EVERY DAY DURING WHICH THE DEFAULT CONTINUE	<u>5.6.9A</u>	<u>PKR 100,000</u>	<u>PKR 10,000</u>	
REGULATION NO.	AMOUNT OF PENALTY	AMOUNT OF PENALTY FOR EVERY DAY DURING WHICH THE DEFAULT CONTINUE						
<u>5.6.9A</u>	<u>PKR 100,000</u>	<u>PKR 10,000</u>						



EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>5A.13. REPORTING AND DISCLOSURE BY ISSUER:</p> <p>An Issuer listed under this Chapter shall be required to disseminate the following information:</p> <p style="text-align: center;"><u>New Insertion</u></p>	<p>5A.13. REPORTING AND DISCLOSURE BY ISSUER:</p> <p>An Issuer listed under this Chapter shall be required to disseminate the following information:</p> <p><u>(e) Reporting of Shariah Disclosures:</u></p> <p>(i) <u>A Listed Company included in the Islamic indices shall disseminate to the Exchange such additional disclosures as prescribed in Sub-Clause 10 of Clause VI of Part I of the Fourth Schedule of the Companies Act within:</u></p> <p style="margin-left: 40px;">i. <u>sixty days of the close of second quarter; and</u></p> <p style="margin-left: 40px;">ii. <u>one hundred and twenty days of the close of financial year.</u></p> <p>(ii) <u>The above information may be disclosed separately or as a part of financial statements.</u></p>	<p>Same as above.</p>

End of Proposed Amendments



“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 FILED 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 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.