



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 11 Chundrigar Road, Karachi.

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PSBA/Notice-130

January 16, 2024

NOTICE FOR MEMBERS

COMMENTS ON PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO EXEMPTION FROM THE REQUIREMENT OF TRANSFER OF ENTIRE UNDERTAKING WHILE TRANSFERRING THE TRE CERTIFICATE BASED ON FULFILLMENT OF PRESCRIBED CONDITIONS

Dear members,

This is in reference to the notification PSX/N-57 dated January 16, 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 **January 22, 2024**, so that a consolidated response can be submitted to the authorities for their consideration.

_____sd
AKBER ALI
Officer - Secretariat

Copy to:

1. The Secretary General, PSBA
2. PSBA Website

INVITATION OF PUBLIC COMMENTS

PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO EXEMPTION FROM THE REQUIREMENT OF TRANSFER OF ENTIRE UNDERTAKING WHILE TRANSFERRING THE TRE CERTIFICATE BASED ON FULFILLMENT OF PRESCRIBED CONDITIONS

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 exemption from the requirement of transfer of entire undertaking i.e. all assets and liabilities while transferring the TRE Certificate based on fulfillment of prescribed conditions.

In accordance with PSX Regulation 4.5.2 and Instructions of the Securities and Exchange Commission of Pakistan, a TRE Certificate Holder holding transferable TRE Certificate is allowed to transfer that TRE Certificate along with transfer of complete undertaking i.e. all assets and liabilities by submitting to PSX an application, set of prescribed documents and a security amount of PKR 5 million in such manner and for such time as prescribed in PSX Regulations.

In order to facilitate transfer of TRE Certificate without the transfer of complete undertaking i.e. all the assets and liabilities of the transferor, PSX is proposing to amend PSX Regulation 4.5.2, whereby, the requirement for mandatory transfer of all assets and liabilities shall be waived subject to the fulfilment of the following conditions:

- (i) No customer account has been in active state since the last 3 years;
- (ii) No trade has been executed on any customer account since the last 3 years;
- (iii) No liability exists on account of customers;
- (iv) No customer complaint against the TRE Certificate Holder is pending with the Exchange or the Commission;
- (v) Submission of a guarantee/ security from the outgoing TRE Certificate Holder to the extent of PKR 8 Million;
- (vi) There is no litigation pending where the TRE Certificate Holder is a party in respect of any criminal offences, non-payment of customers claims, or in any other manner prejudicial to the interest of customers and general public;
- (vii) No proceedings are pending with respect to the applicant's winding up, insolvency or analogous relief; and
- (viii) No investigation/ enquiry/ inspection is pending against the outgoing TRE Certificate Holder with respect to investments, financial matters/business, misconduct, fraud, formation or management a corporate body, etc. by any regulatory authorities (within or outside Pakistan), professional bodies or government bodies/ agencies.

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 **January 23, 2024** 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
8. The Secretary General, PSBA



“ANNEXURE A”

PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO EXEMPTION FROM THE REQUIREMENT OF TRANSFER OF ENTIRE UNDERTAKING WHILE TRANSFERRING THE TRE CERTIFICATE BASED ON FULFILLMENT OF PRESCRIBED CONDITIONS

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
Chapter 4: TRADING RIGHTS ENTITLEMENT (TRE) CERTIFICATE		
<p>4.5. TRANSFER OF TRE CERTIFICATE:</p> <p>4.5.2. In case of an active TRE Certificate Holder filing his application for transfer, such TRE Certificate Holder shall also submit a Bank Guarantee or a guarantee by one of the existing TRE Certificate Holders of the Exchange, or a guarantee by an incoming TRE Certificate Holder or any equivalent security in a manner as may be acceptable to the Exchange to the extent of an amount prescribed by the Exchange with the approval of the Commission and valid for a period of two years from the date of transfer of TRE Certificate in order to enable the Exchange to settle all valid claims if received after the transfer of TRE Certificate.</p> <p align="center"><u>New Insertion</u></p>	<p>4.5. TRANSFER OF TRE CERTIFICATE:</p> <p>4.5.2. In case of an active TRE Certificate Holder filing his application for transfer, such TRE Certificate Holder shall also submit:</p> <p><u>(a)</u> Bank Guarantee; or <u>(b)</u> Guarantee by one of the existing TRE Certificate Holders of the Exchange; or <u>(c)</u> Guarantee by an incoming TRE Certificate Holder; or <u>(d)</u> any equivalent security in a manner as may be acceptable to the Exchange, to the extent of an amount prescribed by the Exchange with the approval of the Commission. and</p> <p><u>The above guarantee/security shall be</u> valid for a period of two years from the date of transfer of TRE Certificate in order to enable the Exchange to settle all valid claims if received after the transfer of TRE Certificate.</p> <p><u>Provided that the requirement of mandatory transfer of entire undertaking of transferor i.e. all assets and liabilities along with transfer of its TRE Certificate shall be relaxed subject to the fulfillment of the following conditions:</u></p>	<p>Editorial changes for better presentation.</p> <p>In order to cater to a situation where a TREC Holder does not have an active business and clientele and it desires to transfer its TRE Certificate without transfer of entire undertaking, it is considered appropriate that such transfer may be allowed subject to fulfillment of certain conditions.</p> <p>Accordingly, the requisite provisions</p>

EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
	<p>(a) <u>No customer account has been in active state since the last 3 years;</u></p> <p>(b) <u>No trade has been executed on any customer account since the last 3 years;</u></p> <p>(c) <u>No liability exists on account of customers;</u></p> <p>(d) <u>No customer complaint against the TRE Certificate Holder is pending with the Exchange or the Commission;</u></p> <p>(e) <u>Submission of a guarantee/ security of such amount prescribed by the Exchange with the approval of the Commission;</u></p> <p>(f) <u>There is no litigation pending where the TRE Certificate Holder is a party in respect of any criminal offences, non-payment of customers claims, or in any other manner prejudicial to the interest of customers and general public;</u></p> <p>(g) <u>No proceedings are pending with respect to the applicant's winding up, insolvency or analogous relief;</u></p> <p>(h) <u>No investigation/ enquiry/ inspection is pending against the outgoing TRE Certificate Holder with respect to investments, financial matters/business, misconduct, fraud, formation or management a corporate body, etc. by any regulatory authorities (within or outside Pakistan), professional bodies or government bodies/ agencies.</u></p>	<p>are created.</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 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.