



# 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 I.I Chundrigar Road, Karachi.

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

PSBA/Notice-148

May 7, 2024

## NOTICE FOR MEMBERS

### BRIEFING SESSION ON PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO CLIENT'S ASSET SEGREGATION AND BROKER'S BACK-OFFICE STANDARDS

**Respected Members,**

This is in continuation to our notice PSBA/Notice-146 dated April 25, 2024, inviting comments on proposed amendments to its Regulations by the Pakistan Stock Exchange (PSX).

We are pleased to invite you to a briefing session on the said amendments. In this session, officials from the PSX will be present to provide you with a comprehensive overview of the proposed amendments, including their rationale, implications, and anticipated benefits.

This briefing session aims to facilitate an open discussion and address any concerns or queries you may have regarding these proposed changes.

**Date: May 14, 2024**

**Time: 4:00 PM**

**Link: <https://us02web.zoom.us/j/85999494386?pwd=T0NhckdtUEdiWkJjamhPRWxkd0ZuZz09>**

**Meeting ID: 859 9949 4386**

**Passcode: 784171**

We encourage all members to attend and actively participate in this session to gain a deeper understanding of the proposed changes and offer valuable feedback.

Look forward to your maximum participation.

Thank you,

\_\_\_\_\_  
sd  
**AKBER ALI**  
Officer - Secretariat

**Encl:** Above discussed amendments

**Copy to:** PSBA Website



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PSBA/Notice-146

April 25, 2024

### NOTICE FOR MEMBERS

## **PROPOSED AMENDMENTS TO PAKISTAN STOCK EXCHANGE LIMITED (PSX) REGULATIONS IN RELATION TO CLIENTS' ASSETS SEGREGATION AND BROKERS' BACK-OFFICE STANDARDS**

Dear Members,

This is in reference to the notification PSX/N-373- dated April 25, 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](mailto:psamail024@gmail.com) latest by **May 7, 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 PAKISTAN STOCK EXCHANGE LIMITED (PSX)  
REGULATIONS IN RELATION TO CLIENTS' ASSETS SEGREGATION AND BROKERS'  
BACK-OFFICE STANDARDS**

This is to inform the public that the PSX, in the exercise of the power conferred upon it u/s 7 of the Securities Act, 2015, is proposing amendments to its Regulations relating to the following matters:

- (A) Implementation of an Enforcement Policy for violation of regulatory requirements relating to Segregation of Clients' Assets.
- (B) Revision of Brokers' Back-Office Standards and related amendments to PSX Regulations.

The details of the matters:

**(A) IMPLEMENTATION OF AN ENFORCEMENT POLICY FOR VIOLATION OF REGULATORY REQUIREMENTS RELATING TO SEGREGATION OF CLIENTS' ASSETS:**

One of the fiduciary obligations of securities brokers is to ensure the segregation of clients' assets from their proprietary assets and keep them protected at all times. PSX always places greater emphasis and regularly examines brokers' compliance with this key customer protection regulation during audits, inspections, and thematic reviews.

With an aim to strengthen existing safeguards for protecting customers' assets, PSX is proposing to implement an 'enforcement policy for violation of regulatory requirements relating to Segregation of Clients' Assets' ("**Enforcement Policy**") and its enabling amendments to PSX Regulations. The policy is designed as part of a dynamic enforcement regime to detect the securities brokers which breach the segregation requirement and take stricter disciplinary actions if the breach is repeated over the specified period.

The proposed amendments to PSX Regulations and draft Enforcement Policy are attached herewith as **Annexure A** and **Annexure B**, respectively.

**(B) REVISION OF BROKERS' BACK-OFFICE STANDARDS AND RELATED AMENDMENTS TO PSX REGULATIONS:**

The existence of minimum Information Security Standards ("**IS Standards**") and Brokers' Back Office Standards ("**BBO Standards**") play a critical role in ensuring safety of clients related information and maintaining trust and confidence of investors in capital market operations. Considering their significance, PSX had prescribed minimum IS Standards and BBO Standards in the year 2017 for compliance by the securities brokers.

Due to significant advancement in technology and changes in regulatory landscape over time, PSX considered it important to review and upgrade the IS and BBO Standards and re-notify the revised standards for information and compliance by the securities brokers.

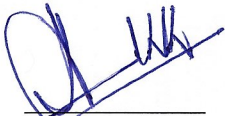
Accordingly, PSX, in the first phase, formulated revised IS Standards taking into account the international practices of other stock exchanges and in consultation with the market participants. The revised IS Standards were notified and implemented in June 2023 and their compliance is being monitored during the joint inspection of securities brokers. In the second and final phase, PSX has updated BBO Standards, which are attached herewith as **Annexure C**. For ready reference, a summary of major changes made in the BBO Standards is provided below:

- The removal of broker's back office vendor criteria in order to link them with the section relating to 'supplier management standards' already prescribed in IS Standards;
- Mandatory for brokers to have Back Office System to ensure records are maintained electronically;
- The removal of password management requirements to link them with password related requirements prescribed in IS Standards;
- Removal of reporting format of Net Capital Balance;
- Addition of requirement to generate list of System Operators/Traders;
- Addition of following reporting formats:
  - Net Worth
  - Call Logs Report
  - Pattern of Shareholding Report
  - Website Compliance Report
  - Customer Grievance Report
  - Clients' Profile Review Report
- Ability of the Back-Office System to generate reports in PDF as well as in excel/text format.

Besides revision in BBO Standards, PSX has also amended PSX Regulation 4.25 to strengthen the requirements relating to broker's back office and the same are attached as **Annexure D**.

## 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 draft Enforcement Policy and revised BBO Standards. The comments can be submitted by **May 09, 2024** through such modes and in such manner as prescribed in the 'Guidelines for Submission of Comments' which are attached herewith as **Exhibit A**.



**AJJEET KUMAR**  
Chief Regulatory Officer

### Cc:

1. The Executive Director/HOD (PRDD), SMD, SECP
2. 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 ON IMPLEMENTATION OF AN ENFORCEMENT POLICY FOR VIOLATION OF REGULATORY REQUIREMENTS RELATING TO SEGREGATION OF CLIENTS’ ASSETS**

<b>EXISTING PSX REGULATIONS</b>	<b>PROPOSED AMENDMENTS</b>	<b>RATIONALE</b>
<b>Chapter 4: DISCIPLINARY ACTIONS AGAINST TRE CERTIFICATE HOLDERS REGULATIONS</b>		
<p><b>20.8.2. DISCIPLINARY ACTIONS IN RESPECT OF SEGREGATION OF CLIENTS’ ASSETS:</b></p> <p>In case non-compliance with sub-clause 4.17.1.(a), 4.17.1(b) or 4.17.2 by a TRE Certificate Holder is established, the CRO may, after providing an opportunity of being heard in accordance with clause 20.4. hereinabove, impose penalty equivalent to 5.0% of the funds and/or market value of securities moved, as the case may be, subject to a maximum of Rs. 2 million on such TRE Certificate Holder.</p>	<p><b>20.8.2. DISCIPLINARY ACTIONS IN RESPECT OF SEGREGATION OF CLIENTS’ ASSETS:</b></p> <p>In case non-compliance with sub-clause 4.17.1.(a), 4.17.1(b) or 4.17.2 by a TRE Certificate Holder is established, the CRO may, after providing an opportunity of being heard in accordance with clause 20.4. herein above, impose penalty equivalent to 5.0% of the funds and/or market value of securities moved, as the case may be, subject to a maximum of Rs. 2 million on such TRE Certificate Holder. <b><u>In case the TRE Certificate Holder is found to have repeated the violation, the CRO shall take stricter action in accordance with the enforcement policy implemented by the Exchange in this regard.</u></b></p>	<p>To enhance protection of customers’ assets, an ‘enforcement policy for violation of regulatory requirements relating to Segregation of Clients’ Assets’ is designed to detect and penalize a broker with stricter actions if it breaches the segregation requirement repeatedly over the specified period.</p>

\*\*\*End of proposed amendments\*\*\*

**“ANNEXURE B”**

**ENFORCEMENT POLICY FOR VIOLATION OF REGULATORY REQUIREMENTS RELATING TO SEGREGATION OF CLIENTS’ ASSETS**

<b>FREQUENCY</b>	<b>SITUATION</b>	<b>ENFORCEMENT ACTIONS</b>	<b>RELEVANT CLAUSE</b>
<p><b>FIRST INSTANCE</b> [Same as prescribed in Existing PSX Regulations]</p>	<p>If a shortfall is observed in clients’ funds and/or securities during the audit, inspections or thematic reviews.</p>	<p>1. Impose a fine equivalent to 5% of the funds and/or market value of securities moved, as the case may be, subject to a maximum of PKR 2 Million.</p> <p>2. Direct to eliminate shortfall on urgent basis.</p>	<p>20.8.2</p> <p>20.5.2 (f)</p>
<p><b>SECOND INSTANCE</b> (within 02 years) [Proposed Addition]</p>	<p>If the shortfall in clients’ funds and/or securities is again established within 02 years of the instance of violation.</p>	<p>1. Impose a fine equivalent to 7.5% of the funds and/or market value of securities moved, as the case may be subject to a maximum of PKR 3 Million or any other amount as may be instructed by RAC.</p> <p>2. Direct to eliminate shortfall along with submission of next fortnightly CASS together with all relevant documentary evidence required for verification purposes.</p> <p>3. Restrictions on the opening of new client account.</p>	<p>Penalty amount is proposed to be enhanced by 50%.</p> <p>20.5.2 (f)</p> <p>20.5.2 (d)</p>
<p><b>THIRD INSTANCE</b> (within 02 years) [Proposed Addition]</p>	<p>If a shortfall in the clients’ funds and/ or securities is established for the third time within 02 years of the first instance of violation.</p>	<p>1. Impose a fine equivalent to 10% of the funds and/or the market value of securities moved, as the case may be, subject to a maximum of PKR 5 Million or any other amount as may be instructed by RAC.</p> <p>2. Direct to eliminate shortfall along with submission of next fortnightly CASS</p>	<p>Penalty amount is proposed to be enhanced by up to 2.5 times.</p> <p>20.5.2 (f)</p>

FREQUENCY	SITUATION	ENFORCEMENT ACTIONS	RELEVANT CLAUSE
		together with all relevant documentary evidence required for verification purposes.	
		3. Restrictions on the opening of new client account.	20.5.2 (d)
		4. Restriction on Proprietary Trading.	-do-
		5. Restriction on clients' buy side may be imposed to ensure no further exposure is taken.	-do-
		6. Condition imposed to restrict trading in clients' accounts having debit balance.	-do-

**IMPORTANT NOTES:**

1. *This policy shall be applicable in case of violations pertaining to segregation of clients' assets detected through audits, inspections or reviews conducted by PSX, SECP or reported through an external audit firm.*
2. *The policy is drafted to prescribe minimum enforcement actions. However, subject to materiality and severity of non-compliance, PSX may take more stringent action at any time.*
3. *In case of recurrence of more than 5 instances for a specific non-compliance or imposition of an aggregate penalty of PKR 500,000 for a particular violation within 03 years, PSX shall refer the matter to the SECP for further suitable action in accordance with the Policy for Cognizance of Offenses and Imposition of Penalties (Cognizance Policy) approved by SECP.*
4. *If shortfall is observed in clients' funds and/or securities more than once on the selected dates during the audit, inspection or thematic review, the fine shall be calculated based on the highest shortfall observed on any of the reviewed dates.*

# “ANNEXURE C”



## MINIMUM STANDARDS OF BROKERS' BACK OFFICE

**EFFECTIVE DATE: XXXX**

This document contains the minimum standards and specification prescribed by the Pakistan Stock Exchange Limited for adoption and compliance by the securities brokers.

PSX reserves the right to amend any part of this document and notify the same for information and compliance.

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**PAKISTAN STOCK EXCHANGE LIMITED**



## **TABLE OF CONTENTS**

<b>1. PREAMBLE:</b> .....	<b>3</b>
<b>2. SCOPE:</b> .....	<b>3</b>
<b>3. REVIEW</b> .....	<b>3</b>
<b>4. BROKER BACK OFFICE VENDORS</b> .....	<b>4</b>
<b>5. THE MINIMUM STANDARDS</b> .....	<b>4</b>
<b>6. MINIMUM SPECIFICATIONS</b> .....	<b>6</b>
<b>7. MINIMUM REPORTS AND CONTENTS</b> .....	<b>7</b>
<b>ANNEXURE A</b> .....	<b>9</b>

## **1. PREAMBLE:**

The brokers' back office (**BBO**) management system is crucial for the efficient operation of securities brokerage business. The implementation of a robust back office system enhances operational effectiveness by significantly reducing the manual work, ensures regulatory compliances, handles risk management more effectively, and help attain customer satisfaction and trustworthiness.

Keeping in view the significance of the back-office operations for the effectiveness and safety of the securities brokerage industry, PSX considered it important to prescribe the minimum standards of brokers' back office and notified the same in November 2017 for mandatory compliance by the securities brokers. These standards cover the minimum requirements for retention of key information and records relating to client account management, trading, risk management, settlement, compliance, and data security. The purpose of identifying the key information areas is to ensure that reliable information is available to PSX during thematic reviews, audits, inspections, dispute handling and claim verification and settlement or to SECP or relevant authority as and when needed. Further, these Standards also contains the list and formats of the reports which must be generated through the BBO system.

Due to significant advancement in technology and changes in regulatory landscape, PSX considered it imperative to review and upgrade the BBO Standards for information and compliance by securities brokers.

## **2. SCOPE:**

These Standards prescribe minimum requirements to be complied with by the securities brokers pertaining to their Back-Office software or applications. In order to ensure consistent application of minimum standards across the securities brokerage industry, these Standards shall be applicable on all the securities brokers and the software or applications used directly or indirectly for the aforementioned purposes. The securities brokers may put in place additional controls in its BBO system as deemed appropriate over and above the minimum standards prescribed in these Standards.

These Standards are being prepared and notified in accordance with requirements of Clause 4.25 of PSX Regulations.

## **3. REVIEW**

These Standards can be amended by PSX as and when deemed appropriate in accordance with capital market's overall strategy and need.

#### **4. BROKER BACK OFFICE VENDORS**

The securities brokers shall select BBO vendor in compliance with the requirements mentioned under the section of "Supplier Management Standard" and "Shared Responsibilities" of "Minimum Information Security Standards for Securities Brokers" notified by PSX.

#### **5. THE MINIMUM STANDARDS**

The following general controls shall be applicable for BBO system and must be complied with by the securities brokers at all times:

- a. There shall be only single back office software and single book of accounts at any given time.
- b. Each application shall be connected with single database.
- c. The Trade Log shall be updated online in the BBO System.
- d. The manual process to update the BBO system with trade log shall be discontinued.
- e. The procurement or development of manual and/or excel based BBO system shall not be permissible.
- f. The securities brokers should prepare clear written procedure regarding handling of all types of entries including amendments or change in the application/system
- g. All software changes must be deployed in presence of the TREC Holder support staff.
- h. The BBO system should be capable to auto generate cheque from the system and simultaneous auto updating respective ledger account
- i. The BBO system should contain necessary and appropriate controls for maintaining compliance of all system related activities with the applicable rules and regulations.

With respect to the above, the areas relating to Account Opening, Trading, Clearing, Settlement and Custody shall comply with minimum Information security standards for securities brokers specified by the Exchange.

##### **A. Client Account Management**

Client information stored in the system at the time of opening of the account shall not be allowed to be deleted once a client account is operational. However, modification with regard to client details shall be controlled and the system should be capable of storing the original information that has been modified. The system shall also have the provision to upload the client information from CDS - client setup report.

##### **B. AML / CFT Regulations**

The system should comply with KYC / CDD principles and standards, and other areas defined in the AML / CFT Regulations. Further, the system should have provision to electronically store the scanned documents leading to the identity of the Client.

##### **C. Client / Account Classification**

The system should have provision to classify clients into various categories i.e. High, Medium and Low on the basis of most recent receipt and payment trends and other areas defined in the AML / CFT Regulations.

#### **D. Reassignment of Client Code**

Further, the system shall ensure that client codes once assigned to any client shall not be reassigned to another client of the securities brokers even after the closure of account so as to ensure the compliance of Clause 8.8.1 of PSX Regulations which is reproduced hereunder:

*“Every Securities Broker while inserting a bid and offer through the Trading System for each of its clients, shall insert unique Client Codes for those clients which are maintained by it in its back-office system and registered with NCCPL. These Client Codes are linked/mapped to UIN through the interface of NCCPL. These Client Codes should not be re-assigned to another client of the Securities Brokers even after the closure of the account”.*

#### **E. Web access for Clients**

The system should be provided a secure access through a URL for enquiring and viewing account statements on real-time basis or EOD basis.

#### **F. Trading**

Apart from complying with relevant regulations and storing information relating to trading of the client, the system should have provisions to have trade-time and trade-confirmation-SMS sent time stored in the system.

#### **G. Maker and Checker functionality**

In order to facilitate role-based permissions and auditing, the system should have provisions of maker and checker functionality for each and every transactions/account entry which is substantial and material. The principle of maker and checker means that in order to have proper segregation of duties for each transaction (wherever required), there must be at least two individuals necessary for its completion. While one individual may create a transaction, the other individual should be involved in confirmation/authorization of the same.

#### **H. Audit Logs and Privilege Roles**

The system shall be capable of generating and storing audit logs for all users and information in respect of login, data entry, and trail of modification/deletion with date and time along with exceptional reporting at user and system level.

The Broker Back Office System should establish and maintain operational and systems in-built audit control to facilitate automatic reconciliations and perform exceptional reporting:

- Number of Order, their quantities and values entered
- Number of Client's, their quantities, volumes and executed values
- Number of Stocks, Markets and types of order and values processed
- Gross Settlement values versus totals at Client, Market and Stocks level

#### **I. Reconciliations and Back Office Accounting System**

The System should contain provisions for day-end-reconciliations of back-office systems custody with

CDC and NCCPL. The system must also ensure the segregations of customer money and 'own funds' by the way of maintenance of proper books and account, recording of liabilities, ledgers reflecting cash and custody movement and day-end-reconciliations of clients funds with client bank accounts.

## **6. MINIMUM SPECIFICATIONS**

### **A. Application Security (Password Management)**

The BBO should comply with the requirements pertaining to password management and application security prescribed in the "Minimum Information Security Standards for Securities Brokers" notified by PSX.

### **B. Custody Related Data:**

- System should have the ability to maintain list of possible activities
- System should have the ability to categorize activities into groups.
- System should have the ability to mark IN or OUT activity.
- System should have the ability to define multi leg activities and ability to assign the other leg. They could be used for activities like pledge, verification, conversion etc.
- System should have the ability to associate charges with transactions/activities.
- System should have the ability to mark tradable and non-tradable activities.
- System should have the ability to define expense types and whether they are chargeable to clients or not.
- System should have the ability to maintain corporate announcements for each company.

### **C. Risk Management Related Data:**

- Pre-trade and post trade client risk management.
- System should have the ability to define securities groups
- System should have the ability to define haircuts for securities & security groups
- System should have the ability to define credit limits, maintenance margin percentage, cash requirement percentage and maximum exposure limits.
- System should have the ability to define different maintenance margin, cash requirement and exposure limits percentages for different market types, clearings, securities, security groups and future periods.
- System should have the ability to block or allow short trading
- System should have the ability to generate detailed and summarized client wise account positions with margin requirements and available margins, which includes;
  - Cash balance
  - Holding value
  - Current exposure
  - Buying power
  - Margin required
  - Available marginable equity
  - Current margin percentage
  - Margin call on Intra-day and historic basis

## 7. MINIMUM REPORTS AND CONTENTS

The BBO system procured or developed in-house by the securities brokers should have the ability to generate the following reports:

- I. Client Registration Report – Individual
- II. Client Registration Report – Corporate
- III. Client Funds Receipts Report - Directly Deposited by The Clients
- IV. Client Funds Receipts (Deposit Via Broker)
- V. Payment to Client Report
- VI. Bank Interest on Clients' Bank Accounts Report
- VII. Un-Posted Trades Book Report
- VIII. Trade Related- Ready & Futures Report (Client / Ticket Wise Ledger)
- IX. Client Securities Report
- X. Pre-Settlement Delivery Report
- XI. Pledging of Client Securities Report
- XII. Client Receivable Aging Report
- XIII. Clients Payable Aging Report
- XIV. Client Wise CDC/Back Office Matching Report
- XV. MF/MTS - Marked Report
- XVI. MF/MTS - Released Report
- XVII. Complaint Handling Report
- XVIII. List of Agents Report
- XIX. List of System Operators/Traders
- XX. Commission Report
- XXI. Loan Report
- XXII. Detail of Branches Report
- XXIII. Wash Trade Report
- XXIV. Blank Sale Report (RDCM)
- XXV. Blank Sale Report (DFCM)
- XXVI. Trade Rectification Report
- XXVII. Cross Trade Report
- XXVIII. Net Worth Report
- XXIX. Call Log Report
- XXX. Order Register
- XXXI. Securities Balance Movement Report
- XXXII. Employees Investment
- XXXIII. Liquid Capital Statement
- XXXIV. Client Asset Segregation Statement
- XXXV. Pattern of Shareholding Report
- XXXVI. Website Compliance Report
- XXXVII. Customer Grievance Report
- XXXVIII. Clients Profile Review Report

The minimum contents / information pertaining to the above-mentioned reports are attached as **Annexure A**

Further, the system must also include the provision for setting-up of branches, catering to accounting needs of various markets, multiple settlement cycles, maintenance of General and Sub-General

Ledger and mapping of client with a ledger account. The system shall contain provisions for recording and maintenance of the following financial details/records;

- I. Statement of Financial Position
- II. Statement of Profit & Loss
- III. Cash Flow Statement
- IV. Statement of changes in equity.
- V. Fixed asset register report
- VI. Accounting ledgers
- VII. Clients ledgers
- VIII. Client trial balance
- IX. Accounting trial balance
- X. Bank reconciliation report

The BBO System should also have provision to generate all the above-mentioned reports and information from the system in PDF and Excel/Text format.

The BBO System should be capable of generating and processing reports in the manner to enable securities brokers to comply with the requirements of regulatory frameworks. Further, BBO System should have the ability to design new reports.

## ANNEXURE A

### I. CLIENT REGISTRATION REPORT – INDIVIDUAL

1	2	3	4	5	6	7	8	9	10	11	12
Client Back Office Code	Client KATs Code	Name Of Client	S/O, D/O, W/O	UIN Of Client	CDC Sub Account Number Of Client	Permanent Address Of Client	Mailing Address Of Client	Email Address Of Client	Cell Number	Landline Phone Number	Name Of Beneficial Owner

13	14	15	16	17	18	19	20		21
Relationship Of Beneficial Owner	Details Of Occupation Of Client / Beneficial Owner	Source Of Income Of Client / Beneficial Owner	Average Trading Limit Of Client	Risk Profile - i.e. PEP, off shore etc.	AML / CFT Risk Rating	Client Status - Active / Inactive	Introducer		Relationship With Broker
							Name Of client		

### II. CLIENT REGISTRATION REPORT – CORPORATE

1	2	3	4	5	6	7	8	9	10	11	12
Client Back Office Code	Client KATs Code	Name Of Client	Incorporation No. / UIN Number	Incorporation Date	Country of Incorporation	Contact / Authorized Person	Status of Contact Person with the Client	Email address of Client	Cell Number	Landline Phone Number	Name Of Beneficial Owner

13	14	15	16	17	18	19	20		21
Relationship Of Beneficial Owner	Details Of Occupation Of Client / Beneficial Owner	Source Of Income Of Client / Beneficial Owner	Average Trading Limit Of Client	Risk Profile - i.e. PEP, off shore etc.	AML / CFT Risk Rating	Client Status - Active / Inactive	Introducer		Relationship With Broker
							Name Of client		



### III. CLIENT FUNDS RECEIPTS REPORT - DIRECTLY DEPOSITED BY THE CLIENTS

1	2	3	4	5	6	7	8	9	10	11	12	13
System Generated Receipt Number (Primary Key) / Receipt Voucher Number	Date of Receipt	Name of Client	Client Back Office Code	Slip No. / No. / Another Ref. No.	Mode of Receipts (Cash/Cheques /Online)	Cheque Number	Amount of Receipt in PKR	Title of Bank Account	Bank Account Number	In case of Deposit of Cash:	Name of Person Depositing Cash	Date of Reporting to NCHS

### IV. CLIENT FUNDS RECEIPTS (DEPOSIT VIA BROKER)

1	2	3	4	5	6	7	8	9	10	11	12	13
System Generated Receipt Number (Primary Key) / Receipt Voucher Number	Date of Receipt	Name of Client	Client Back Office Code	Slip No. / Other Ref. No.	Mode of Receipts (Cash/Cheques)	Cheque Number	Amount of Receipt in PKR	Date of Deposit of Clients Funds in Client Titled Bank Account	Name of Person Depositing Clients Funds	Title of Bank Account	Bank Account Number	In case of Cash, Date of Reporting to NCHS

### V. PAYMENT TO CLIENT REPORT

1	2	3	4	5	6	7	8	9
System Generated Payment Number (Primary Key) / Payment Voucher Number	Name of Client	Client Back Office Code	Date of Payment	Mode of Payment (Cheque / Online)	Cheque Number	Title of Bank Account	Account Number	Amount in PKR

### VI. BANK INTEREST ON CLIENTS' BANK ACCOUNTS REPORT

1	2	3	4	5	6	7	8	9
Client Back Office Code	Name of Client	Client Profit Sharing Status (Not Waived / Waived)	Ledger Balance in PKR	Date of Profit Accrued	Amount of Profit Accrued by the Bank	Amount of Profit Credited to Client	Rate of Management Fee (if any)	Amount of Management Fee (if any)

**VII. UN-POSTED TRADES BOOK REPORT**

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Voucher Type	Market Type	Trade Date	Settlement Date	Order No.	Ticket No.	Bill No.	Bill Date	Name of Script	Quantity	Price of Script	Commission charged by Securities Broker	Taxes/duties /levies	Total Amount

**VIII. TRADE RELATED- READY & FUTURES REPORT (CLIENT / TICKET WISE LEDGER)**

1	2	3	4	5	6	7	8	9	10	11	12
Voucher Type	Market Type	Trade Date	Settlement Date	Description of trade	Ticket No.	Bill No.	Bill Date	Name of Script	Quantity	Price of Script	Commission Charged

13	14	15	16	17
Taxes/ Duties /levies	Payment - Primary Key Number	Receipt - Primary Key Number	Amount in PKR	Balance Outstanding Dr/Cr

**IX. CLIENT SECURITIES REPORT**

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Client Back Office Code	Client CDC Sub Account Number	Symbol	Name of Script	Position Owned	Available Position	Shares under Pre-Settlement Delivery	Pledged Shares	Freeze Shares	Blocked Shares	Pending in Shares	Pending out Shares	Rate of Script	Market Value of Securities

**X. PRE-SETTLEMENT DELIVERY REPORT**

1	2	3	4	5	6	7	8	9
Client Back Office Code	Client CDC Sub Account Number	Client Name	Trade Date	Settlement Date	Date of PSD	Market Type	Symbol	Quantity

**XI. PLEDGING OF CLIENT SECURITIES REPORT**

1	2	3	4	5	6	7	8	9	10
Primary Key – Pledge / Release Transaction Number	Date of Securities Pledge / Release	Type of Transaction (Pledged Shares or Released)	Symbol of Shares	Quantity of Shares Pledged	Client Back Office Code	Pledgee Name	Pledger Name	Beneficiary Name	Purpose

**XII. CLIENT RECEIVABLE AGING REPORT**

1	2	3	4	5	6	7	8
Client Back Office Code	Client CDC Sub Account Number	Name of Client	Balance Outstanding	Aged for 5 Days	Aged Over 5 Days	Market Value of Securities Held with Client	Allowable Value

**XIII. CLIENTS PAYABLE AGING REPORT**

1	2	3	4	5	6
Client Back Office Code	Client CDC Sub Account Number	Name of Client	Balance Outstanding	Aged for 30 Days	Aged Over 30 Days

**XIV. CLIENT WISE CDC/BACK OFFICE MATCHING REPORT**

1	2	3	4	5	6	7
Client Back Office Code	Client CDC Sub Account Number	Name of Client	Symbol	Total Number of Shares as per Back Office	Total Number of Shares as per CDC	Difference in Securities

**XV. MF/MTS - MARKED REPORT**

1	2	3	4	5	6	7	8	9	10	11
Voucher Type	Market Type (MF/MTS)	Trade Date	Settlement Date	Ticket No	Name of Script	Quantity of shares	Price of shares	Taxes/Duties /levies	Amount in PKR	FPR Ration

**XVI. MF/MTS - RELEASED REPORT**

1	2	3	4	5	6	7	8	9	10	11	12
Market Type (MF/MTS)	Trade Date	Settlement Date	Ticket No	Name of Script	Quantity of shares	Price of shares	Taxes/Duties /levies	Amount in PKR	Interest Rate	Number of Days	Interest Amount

**XVII. COMPLAINT HANDLING REPORT**

1	2	3	4	5	6	7	8	9
Sr. No.	Date of Complaint Received	Client Back Office Code	Name of Client	Nature of Compliant	Steps taken to Resolve	Current Status of Complain	Date of Resolution	Description of Resolution

**XVIII. LIST OF AGENTS REPORT**

1	2	3	4	5	6	7	8	9
Name of Agent	UIN of Agent	Registration Number	Date of Obtaining Agent Status	Location of Branch Office	Qualification of Agent	Experience of Agent	Number of Clients assigned to the Agent	Date of quieting the Agent Ship i.e. Date of outgoing agent before the expiry date

**XIX. LIST OF OPERATORS / TRADERS**

1	2	3	4	5	6	7
Name of Operator / Trader	UIN of Operator / Trader	Registration Number	Date of Joining as Operator/ Trader	Office Location	Category of Clients assigned to the Operator / Trader	Date of Leaving as Operator / Trader

**XX. COMMISSION REPORT**

1	2	3	4	5	6	7	8	9	10	11	12
Symbol of Share	Date of Transaction	Market Type	Buy of Shares - Volume	Sell of Shares - Volume	Applicable Commission Slab	Commission Rate Charged	Commission Amount	CDC charges	SST Charges	Buy Amount	Sell Amount

**XXI. LOAN REPORT**

1	2	3	4	5	6	7	8	9
Sr. No	Title of Bank Account	Bank Account No	Back Office Ledger Code of Bank Account	Approved Facility Limit	Financing Facility Availed in PKR	Mark-up Rate	Nature of Collateral	Value of Securities (if pledged as Collateral)

**XXII. DETAIL OF BRANCHES REPORT**

1	2	3	4	5	6	7
Sr. No.	Location of Branch	Name of Branch Manager	Date of Branch Registration	Number of Employees	Number of KATs Terminal Installed	Number of Clients on-boarded through Branch

**XXIII. WASH TRADE REPORT**

1	2	3	4	5	6	7	8	9
Date of Wash trade	Ticket Number	UIN of Client	Name of Script	Quantity of Shares	Rate of Shares	Market Type	Buy Terminal /Order	Sell Terminal Order.

**XXIV. BLANK SALE REPORT (RDCM)**

1	2	3	4	5	6	7	8
Date of Blank sale	Market Type	Name of Script	Name of Client	UIN of Client	Max Sell	Available Position shares or Pre-existing	Blank Sale Reason

**XXV. BLANK SALE REPORT (DFCM)**

1	2	3	4	5	6	7	8	9	10	11	12	13
Date of Blank sale	Market Type	Name of Script	Name of Client	Client UIN	Buy Volume	Sale Volume	Sell Through (F5) Window	Sell Through (F8) Window	Max Sell Volume	Blank Sale Volume	Available Position shares or pre-existing interest	Reason of blank sale

**XXVI. TRADE RECTIFICATION REPORT**

1	2	3	4	5	6	7	8	9	10	
Date of Trade Rectification	Ticket Number	Order No.	Symbol	Market Type	Quantity of Share	Rate of Share	Client Name	NTS Entry		Reason for Rectification
								New	Old	

**XXVII. CROSS TRADE REPORT**

1	2	3	4	5	6	7	8	9	10	
Date of Cross Trade	Ticket Number	Order Number	Symbol	Market Type	Quantity of Share	Rate of Share	Clients Name	NTS Entry		Reason for rectification
								New	Old	

**XXVIII. NET WORTH**

1	2	3	4	5	6
TREC Number	Month Ended	Total Assets (A)	Total Liabilities (B)	Revaluation on Surplus (C)	Total Net Worth (A-B-C)

**XXIX. CALL LOG**

1	2	3	4	5	6	7	8
Date of Call	Time of Call	Client Back Office Code	Broker Phone Number	Client Phone Number	Time Starts of Call	Time Ended of Call	Total Duration of Call

**XXX. ORDER REGISTER**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Date of Order	Time of Order	Client Back Office Code	Client UIN	Name of Client	Market Type	Order Side (Buy/Sell)	Order Type	Symbol	Quantity of Share	Rate	Order Number	Order Status (Filled, Cancelled, Outstanding)	Ticket Number	NTS Terminal ID

**XXXI. SECURITIES BALANCE MOVEMENT REPORT**

1	2	3	4	5	6	7	8
Client Back Office Code	Client CDC Sub Account Number	Name of Client	Symbol	Particulars of Share	Quantity In	Quantity Out	Net Balance of Share

**XXXII. EMPLOYEES INVESTMENT**

1	2	3	4	5	6	7	8	9	10
Sr No	Employee Id	Employee Name of client	Total Employee Investment	CDC Securites Name of Script	Number of Securities	Value of Securities	Date of Purchase	Date of sale	Market type

**XXXIII. Liquid Capital Statement**

Refer Schedule III of Securities Broker (Licensing and Operations) Regulations, 2016 for pertaining to content for computation of liquid capital statement.

**XXXIV. Client Asset Segregation Statement**

Refer PSX Notice PSX/N-1416 Dated November 30, 2021 for contents pertaining to the Client Asset Segregation Statement.

**XXXV. Pattern of Share Holding Report**

Refer pattern of shareholding format available at PSX website.

**XXXVI. Website Compliance Report**

Refer PSX Notice N-456 Dated April 02, 2021 for minimum contents of website maintenance and submission of quarterly compliance report.

**XXXVII. Customer Grievance Report**

Refer PSX Notice N-5791 Dated October 24, 2016 for contents pertaining to customer grievance report.

**XXXVIII. CLIENTS' PROFILE REVIEW REPORT**

1	2	3	4	5	6	7	8	9	10	11	12	13
Sr. No.	Client KATs Code	Client Back Office Code	Client UIN	Client CDC Sub Account Number	Client Name	Occupation	City	Risk Rating	Ledger Balance (As of Defined Date)	Value of Custody (As of Defined Date)	Total Buy Transactions Executed – Volume (Within a Defined Period)	Total Sell Transactions Executed – Volume (Within a Defined Period)

14	15	16	17	18	19	20	21
Total Buy Transactions Executed – Value (Within a Defined Period)	Total Sell Transactions Executed – Value (Within a Defined Period)	Net of Executed Trades – Volume (Within a Defined Period)	Net of Executed Trades – Value (Within a Defined Period)	Total Receipts – Number (Within a Defined Period)	Total Payments – Number (Within a Defined Period)	Total Receipts – Value (Within a Defined Period)	Total Payments – Value (Within a Defined Period)

**“ANNEXURE D”**

**PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO REVISION OF  
BROKER’S BACK OFFICE STANDARDS**

<b>EXISTING PSX REGULATIONS</b>	<b>PROPOSED AMENDMENTS</b>	<b>RATIONALE</b>
<b>Chapter 4: Trading Rights Entitlement (TRE) Certificate</b>		
<p><b>4.25. IT AND INFORMATION SECURITY REQUIREMENTS FOR THE SELECTION OF SOFTWARE VENDORS AND USAGE OF SOFTWARE BY THE TRE CERTIFICATE HOLDERS:</b></p> <p>4.25.1. The TRE Certificate Holders shall:</p> <p>(c) use the software either procured from the eligible vendors or provided by the Exchange or developed in-house by the software development team of the TRE Certificate Holder.</p> <p><b><u>New Insertion</u></b></p>	<p><b>4.25. IT AND INFORMATION SECURITY REQUIREMENTS FOR THE SELECTION OF SOFTWARE VENDORS AND USAGE OF SOFTWARE BY THE TRE CERTIFICATE HOLDERS:</b></p> <p>4.25.1. The TRE Certificate Holders shall:</p> <p>(c) use the software either procured from the eligible vendors or provided by the Exchange or developed in-house by the software development team of the TRE Certificate Holder.</p> <p><b><u>Provided that where the TRE Certificate Holder procures the software from a vendor or develops it in-house, the TRE Certificate Holder shall ensure that the software meets the minimum requirements as prescribed by the Exchange under sub-clause (a) and (b) above.</u></b></p> <p><b><u>Provided further that the TRE Certificate Holder shall display the name of the software vendor on its website at a prominent place and update the same as and when any change occurs therein.</u></b></p>	<p>To clarify that the back-office standards apply in both cases i.e. if the system is developed in-house or procured from the vendor. It is also emphasized that it is the responsibility of the brokers to ensure that the back-office system complies with the minimum back office standards prescribed by PSX and as amended from time to time.</p> <p>For enhanced transparency in the interest of customers and for the information of regulators, the name of vendor engaged</p>



EXISTING PSX REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p style="text-align: center;"><u><a href="#">New Insertion</a></u></p> <p>The Exchange shall make available the eligibility criteria for selection of software vendors and usage of software by the TRE Certificate Holder and the list of eligible vendors on its website.</p>	<p><u><a href="#">Provided further that the TRE Certificate Holder shall intimate the Exchange at least 07 days prior to changing the back office software vendor and/or system.</a></u></p> <p><del>The Exchange shall make available the eligibility criteria for selection of software vendors and usage of software by the TRE Certificate Holder and the list of eligible vendors on its website.</del></p>	<p>by the broker should be disseminated through its website.</p> <p>Any change therein must be intimated to PSX and also updated on website to keep the records current.</p> <p>The selection of back office software vendor is a commercial decision and should be at the discretion of broker with due reporting to PSX for transparency. However, brokers must ensure that the vendor to be engaged comply with supplier management standards prescribed in minimum Information Security Standards notified by PSX.</p> <p>Due to advancement in technology and suppliers, PSX encourages brokers to engage new vendors to enter in capital market and provide innovative back office solutions.</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	<a href="mailto:comments.rad@psx.com.pk">comments.rad@psx.com.pk</a>
Mail	The Chief Regulatory Officer, Regulatory Affairs Division, 2 <sup>nd</sup> 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**

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

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**

<b>DISCLOSURE OF IDENTITY AND COMMENTS</b>
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.