

2ND PUBLICATION

PAKISTAN STOCK BROKERS ASSOCIATION

QUARTERLY NEWS LETTER

THE ISSUE

OCTOBER-DECEMBER 2020

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“Tomorrow is the first blank page of a 365-pagebook, let’s write a good one.”



ETHICS





Chairman's Greetings

WELCOME TO THE 2ND PUBLICATION OF PAKISTAN STOCK BROKERS ASSOCIATION

I would like to extend a very warm welcome and gratitude to all the members who have joined us recently.

All the executives of PSBA have been devoted to enhance the most documented and tax compliant industry of Pakistan (Pakistan Stock Exchange). We at PSBA are continuously working for the members enabling them to orderly conduct their business.

We still find significant tasks left undone to make our industry to grow further at the global level. PSBA will continue to strengthen its role for the Capital Market through more ambitious proposals to support our members as well as industry as a whole. We also promise to increase our efforts to protect the rights of our members and also to secure competitiveness of this industry in order to spur growth of the economy.

Together with our members, we will work towards the goal of winning the trust in the Capital Market by strengthening self-regulation.



GONG CEREMONY ON LAUNCH OF ETFs

PSBA, on the invitation of PSX attended the gong ceremony to formally mark the launch of Exchange Traded Funds (ETFs) at PSX. The launched ETFs are NIT Pakistan Gateway Exchange Traded Fund, UBL Pakistan Enterprise Exchange Traded Fund, Meezan Pakistan Exchange Traded Fund, and NBP Pakistan Growth Exchange Traded Fund.

The ETF is an investment product which combines the return offered by the Stock Market with the diversity offered by a mutual fund. It is cost-effective, transparent, and provides diversified investment opportunities to investors.

AWARENESS SESSION ON ANTI MONEY LAUNDERING AND COUNTERING FINANCING OF TERRORISM (AML/CFT) REGULATORY REQUIREMENTS

PSBA in collaboration with SECP, held a detailed awareness session on AML/CFT Regulatory Requirements, enabling the members to understand the procedures to be obtained in order to comply with the requirement of Regulations.

The session was widely attended by the members of the Association, and other market participants.

SESSION ON ETHICAL DECISION MAKING (EDM) FRAMEWORK

PSBA being actively involved towards enhancing the financial literacy and to promote ethical practices amongst its members, held a session on Ethical Decision Making Framework in collaboration with CFA Society Pakistan. PSBA was honored with the presence of Mr. Mohammad Shoab, CEO, Al-Meezan Investments Ltd. It was an interactive session conducted by the representative of one of the member companies of PSBA namely Darson Securities Limited.

The session was widely attended by more than 100 participants.



MEETING WITH COMMISSIONER SECURITIES MARKET DIVISION (SMD) AND HIS TEAM

Followed the comments submitted with regards to the proposed amendments in Securities Exchanges (Licensing and Operations) Regulations, 2016. PSBA had a productive meeting with Commissioner SMD and his team to further discuss, enabling them to consider to incorporate the suggestions before finalization.

In the follow-up PSBA had another meeting with Commissioner SMD on his visit to Karachi to discuss certain issues i.e. electronic account opening, BMC etc. that required immediate action.

WEBINAR ON SUSPICIOUS TRANSACTION REPORTING

PSBA in collaboration with Institute of Financial Market of Pakistan had a successful webinar on STR reporting wherein Ms. Sumera Baloch Additional Director, Financial Monitoring Unit (FMU) was the guest speaker.



JOINT MEETING WITH PSX, CDC, AND NCCPL

PSBA had a joint meeting with the representatives of Pakistan Stock Exchange (PSX), Central Depository Company (CDC), and National Clearing Company of Pakistan Ltd (NCCPL) as to how can we make easier for existing customers to obtain Unique KYC number in compliance of CKO Regulations. The requirement was discussed at length and the meeting reached the following conclusion subject to the approval of the authorities:

It was concluded in the meeting that in first stage, available cell number in NCCPL UIN database will be verified in the bulk by NCCPL through Pakistan Mobile Number Portability Database (PMD).

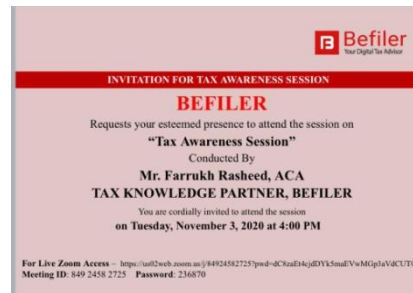
Further, idea was raised that for induction of existing customer Biometric Verification (BV) should be relaxed. PSBA was informed that BV will be replaced with One Time Password (OTP) for which Regulations are already in process of approval. However, authorized intermediary (AI) will be required to submit new KYC Application Form (KAF).

PSBA also suggested that since the database contains mobile numbers, if the AIs agree then the option to verify mobile numbers via OTP can be explored. Whereas, International Banking Account Number (IBAN) can be obtained via Central Depository Company (CDC) subaccounts. NCCPL management was in favor with this option.

It was also highlighted in the meeting that no further developments will be required by Pakistan Stock Exchange (PSX) and CDC for induction of existing customers into KYC regime.

TAX AWARENESS SESSION

PSBA facilitated Befiler (Pvt.) Ltd to increase the visibility amongst the members of the Association by conducting a session in order to raise tax awareness amongst them.



LAUNCHING OF PSBA WEBSITE

In order to provide all the relevant information to the members, to provide an opportunity to learn about PSBA in an easier manner, and to allow the visitors to browse information based on their own choice, PSBA officially announced the launch of its website.



PSBA launches its website

06 Nov 2020



KARACHI: Pakistan Stock Brokers Association (PSBA) has officially announced the launch

MEETING WITH CHIEF EXECUTIVE OFFICER - ROSHNI HOMES (A SOCIAL CONTRIBUTION PROJECT OF CREDDENCE GROUP)

Roshni Homes provides rehabilitation and educational facilities to the orphaned children. It is a leading independent organization creating real and lasting change for orphaned and abandoned children in need around Pakistan.

The story of Roshni Homes in Pakistan is a story of positive change where a group of motivated and enthusiastic people are working together to create opportunities for orphaned children.

The meeting, attended by the Secretary General, the board members, and senior members PSX, expressed the hope for the children of Roshni Homes to grow better, learn and eventually become independent.



Pakistan Stock Brokers Association had a meeting with Chief Executive Officer – Roshni Homes (A social contribution project of Credence Group)

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MEETING WITH THE MANAGEMENT OF PAKISTAN STOCK EXCHANGE

PSBA had a detailed meeting with the management of Pakistan Stock Exchange to discuss the introduction of dormancy concept of TRE Certificate. Presently, at PSX, there is no such option available for the TREC Holders, and the only option available is to surrender the TREC. This is indeed not business-friendly. Our request, as above, will not only save members from forced closure of their businesses but would also benefit Exchange in arresting the surrendering ratio.

A broker whose TRE Certificate is treated as a separate asset and is dormant, may at any time, thereafter apply to the Exchange for reactivation by submitting such information including the financial condition of the broker as the Exchange requires.

Furthermore, a dormant brokerage house must be allowed to trade with another broker of the Exchange till the time, the TRE Certificate is under dormant status. The matter is under discussion.





SUCCESSFUL INVESTMENT STARTS WITH COURAGE



AMENDMENTS IN NCCPL CKO REGULATIONS 2017

On the request of the Association to improve the customer on boarding process, the NCCPL proposed the amendments in NCCPL CKO Regulations, 2017 and got it approved from the Commission to simplify the account opening process and to give effect to the concept of an online account opening form, whereby, the customers will be allowed to open an account digitally with the brokers. These amendments also introduce an alternate process to include the concept of customer verification through mobile number and IBAN instead of biometric verification. Previously, it was difficult for the investors to perform biometric especially in remote locations outside major cities. Moreover, these amendments also include the option to open online sahulat account and to make the process easier for non-resident Pakistani customers as well.

“We thank the Commission and NCCPL to extend its full support in designing the process to make the account opening process easier considering the International Best Practices.”



PAKISTAN STOCK BROKERS ASSOCIATION

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

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PRESS RELEASE

December 3, 2020

“THANKS TO SECURITIES & EXCHANGE COMMISSION OF PAKISTAN”

(Thursday, December 3, 2020, Karachi): Pakistan Stock Brokers Association (PSBA) would like to extend its sincere gratitude to the Securities and Exchange Commission of Pakistan to approve the framework for the digital onboarding of investors.

This was PSBA's outstanding demand to enable all the resident and non-resident investors to open an online account in the Capital Market of Pakistan.

The new regime is a part of SECP's digital formation agenda that will allow investors to open an account with a broker from anywhere without requiring them to submit any documents physically. This will certainly increase the size of the investor base which is very crucial for the development of the market.

On behalf of the Stock Brokers/TREC Holders of Pakistan Stock Exchange, we thank the Commission for helping us in such matters for the growth of the industry.

We would also like to extend our thanks to other capital market entities involved in the project.

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SECRETARIAT
Pakistan Stock Brokers Association

TREASURE
MAGAZINE

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PSBA hails SECP's approval for opening
online accounts with brokers

By Staff Reporter - December 4, 2020

WEBINAR ON UNDERSTANDING THE CRITERIA ON MARGIN ELIGIBLE SECURITIES (MES)

NCCPL considering the request of PSBA members held a webinar for the awareness of the members. The key features of the webinar were:

1. Criteria for qualifying as MES;
2. Notice period for exclusion and inclusion of securities from MES;
3. Shifting of MES from one category to another;
4. Valuation of MES as collateral.

It was a fruitful session and the ambiguities stood cleared after the question and answers during the session. The response of NCCPL was commendable in order to make market participants understand on the above mentioned areas.

AMENDMENTS IN NCCPL REGULATIONS PERTAINING TO MARGIN FINANCING SYSTEM

The NCCPL, while supporting the recommendations of the Association, proposed amendments in the NCCPL Regulations to give effect to the following in order to increase the activity in MFS which will ultimately be expanding overall liquidity in the market:

1. This amendment will make this facility available for Deliverable Futures Contract Market at the end of the Contract Period and may also be extended to the MF participants on T+1
2. After fulfilling the required financial and regulatory requirements, the Broker Margin Financier will be allowed to pledge 100% and 50% of Margin Financed Securities respectively in favor of the company and a scheduled bank
3. Market wide position limit, 40% of free-float for each security will be allowed
4. In case of any change in mark-up rate, a rollover of MF transaction can be initiated

PSBA has recommended further changes in line with the discussions held with the market participants in order to make this product viable and investor friendly.





GREETINGS

We extend our best wishes to all, at the end of a year that has demanded responsiveness, adaptability, and resilience. May the new year be kind to all



Happy New Year!