

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

Bilal Farooq Zardi
Secretary General

Ref: PSBA/S0121-01

January 4, 2020

MR. SHAUZAB ALI
Commissioner SMD
Securities and Exchange Commission of Pakistan
Islamabad.

Subject: **DIFFICULTIES IN COMPLIANCE OF RULE 22.2(c) OF PSX RULE BOOK
ELIGIBILITY CRITERIA FOR OPENING OF OFFICE(S) / BRANCH OFFICE(S)**

Respected Sir,

This is in reference to your office letter SMD/SE/2(20)/2020 dated December 17, 2020, which is in response to our letter dated December 1, 2020, wherein the Commission suggested the matter to be taken up with Pakistan Stock Exchange (PSX) as it pertains to the rule book of PSX.

It is to apprise that subsequently the matter was taken up with the Exchange authority seeking relief measures for the member to expand their businesses through branch networks. The Exchange has replied that they are unable to offer any relaxation on the requirements of the said regulation (Copies of the correspondences are enclosed).

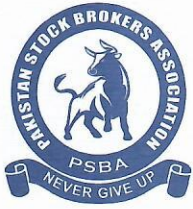
It is important to mention here that the presumption of innocence is a legal right of every citizen. Under many civil laws systems, in the proceedings, the person is always presumed innocent unless or until proven to be guilty. The case is always initially presumed correct unless the case presents a moderate level of evidence and guilt is proven. The applicable laws including but not limited to the Securities and Exchange Commission of Pakistan Act, 1997, also allows the aggrieved person to exercise its legal right by filing an appeal to the Court of Law. Hence, during the course of litigation, the members, in principle, should be entitled to initiate/commence/expand their businesses with a normal routine.

Similarly, for the new entrants in the brokerage business, clause (d)(i) of Fit and Proper Criteria of Securities Brokers (Licensing and Operations) Regulations, 2016, is also a major hurdle, whereby, the pending litigations, without adjudication, restricts them to enter the business. It should also be on the same lines i.e. until or unless proven guilty.

In light of the above, your good self is requested to kindly intervene in the matter so that necessary relaxation is considered to be provided within the regulatory limits.

We are available for any deliberation/query that you may have.

Regards,



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

Bifal Farooq Zardi
Secretary General

Ref: PSBA/S1220-02

December 14, 2020

MR. SHAUZAB ALI

Commissioner SMD

Securities and Exchange Commission of Pakistan
Islamabad.

Subject: **DIFFICULTIES IN COMPLIANCE OF RULE 22.2(c) OF PSX RULE BOOK
ELIGIBILITY CRITERIA FOR OPENING OF OFFICE(S) / BRANCH OFFICE(S)**

Dear Sir,

This is with reference to the subject captioned above we take this opportunity to invite your kind attention to Rule 22.2(c) of Pakistan Stock Exchange (PSX) Rule Book (reproduce below) pertaining to the captioned subject which enjoins upon the brokers that only a broker complying with the conditions of the said rule shall be eligible to open Office(s) or Branch Office(s).

RULE 22.2(c):

(c) The Broker should not be a party in litigation with the Commission or Exchange in respect of any criminal offence or a matter relating to non-payment of customer claims or in any other manner prejudicial to interests of customers and the general public ;

Through this letter, your good self is being addressed with a serious issue being faced by our members, relating to the restriction on their business expansion through branch networks.

Sir, you may please acknowledge that the right to seek legal remedy is the prerogative of the aggrieved party, and as a consequence stopping the business enhancement is against the natural law of justice. This provision of the rule book is very harsh in the sense that if any member is exercising its legal right he will be unable to open any office/branch office due to the above mentioned criteria.

In view of the above, it is humbly requested that apart from the criminal offence, the criteria for opening of office(s)/branch office(s) may please be revisited to relax the conditions relating to business operations of the members, considering the practical difficulties in expansion through branch networks. Further, the Exchange authority also requires the clarification of your office as to what should be the nature of cases to be dealt with the said provision of the law.

Look forward to your cooperation.

Regards,