



# 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: 021-32401278-79 E-mail: psamail024@gmail.com

Ref: PSBA/P0920-01

September 01, 2020

**MR. ABBAS MIRZA**

Acting Chief Regulatory Officer

Pakistan Stock Exchange Ltd

Karachi.

Subject: **Relaxation in Application of Concentration in  
Margin Financing in Liquid Capital Filing**

Dear Sir,

Through this letter, we would like to draw your attention to the criteria for the application of Margin Financing in monthly Liquid Capital (LC) filing. As per the current LC statement, an amount is to be included in ranking liabilities relating to concentration in Margin Financing for the amount calculated client-to-client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances.

The criteria results in the complete amount exceeding 10% of the total receivable being booked in the concentration in the Margin Financing (MF) portion and reduces the liquidity of the Company. This is completely unjust based on the fact that Margin Financing (MF) attract very few clients and due to a low number of finances in MF, aggregate percentage/weightage remain higher than 10%, this results in 100% of the MF invested amount to fall under ranking liability and hence deducted from liquid capital position. Also, the shares placed in MF are blocked by NCCPL which cannot be used for any other purpose, therefore associated risk, if any is minimized.

Based on the above, brokerage houses end up with not investing larger sums in MF from singular clients as it ends up affecting their liquidity.

We kindly urge you to relax the mentioned criteria or to revise it to enable brokerage houses to make better use of Margin Financing as a Product.

Looking forward to your favourable response concerning the matter.

Best regards,

**BILAL FAROOQ ZARDI**

Secretary General

Cell# 0300- 266 2516



## PAKISTAN STOCK EXCHANGE LIMITED

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Ref. No. PSX/ \_\_\_\_\_

October 02, 2020

**Mr. Bilal Farooq Zardi**  
**Secretary General,**  
Pakistan Stock Brokers' Association,  
Mezzanine Floor, Trading Hall, Stock Exchange Building,  
Stock Exchange Road, Off. I.I. Chundrigar Road,  
Karachi.

**Subject: RELAXATION IN APPLICATION OF CONCENTRATION IN MARGIN FINANCING  
IN LIQUID CAPITAL FILING**

Dear Sir,

This is with reference to your letter number PSBA/P0920-01 dated September 01, 2020 in relation to the subject matter.

In this regard, please note that we have noted the contents of the letter with interest to further evaluate the rationale and its impact. In order for us to peruse the matter in depth, you are requested to share the list of affected securities brokers and the respective value to assess the impact.

We shall be pleased to schedule a meeting with you once the above information is shared with us.

Yours truly,

**YASIR MAHMOOD**  
Assistant Manager (RAD)

Cc: GM & Acting CRO, PSX

05/10/2020  
01:05pm