

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/P0621-01

June 10, 2021

MR. AJEET KUMAR
Chief Regulatory Officer
Pakistan Stock Exchange Ltd
Karachi.

Subject: **SUBMISSION OF AUDITOR CERTIFICATE FOR COMPLIANCE WITH
MINIMUM STANDARDS OF BROKER BACK OFFICE SYSTEM AND
INFORMATION SECURITY REQUIREMENTS**

Dear Mr. Kumar,

Reference is made to your notice PSX/N-661 dated June 01, 2021, enforcing the compliance of Clause 4.25 of Pakistan Stock Exchange (PSX) Rule Book in respect to the subject certification to be submitted to the Exchange till October 31, 2021.

Needless to mention here that the Securities Brokers have selected their Back Office Software Vendors in line with the List of Eligible Vendors duly approved by the Exchange and published on its website to follow the same. It is worth pointing out that instead of requiring the certificates from all the 200 Securities Brokers, the Software Vendors may be directed in order to observe a one-stop solution, to ensure that the systems are in place as per the standards of Broker Back Office System and Information Security Requirements.

You may please acknowledge that the subject requirements will turn into a huge cost impact when it comes to the entire industry.

Therefore, it is humbly requested to kindly take up the matter with the authorities, considering the concerns of our members as discussed above, so that the requirement is met more easily and quickly.

Anticipating your positive response.

Best regards,



PAKISTAN STOCK EXCHANGE LIMITED

Stock Exchange Building, Stock Exchange Road, Karachi - 74000, Pakistan.

UAN: 111-001-122 Fax: 32410825

Website: www.psx.com.pk Email: info@psx.com.pk

Ref. No. PSX/ RAD/2021/O-2209

June 17, 2021

Mr. Bilal Farooq Zardi
Secretary General,
Mezzanine Floor, Trading Hall,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

Subject: **SUBMISSION OF AUDITOR'S CERTIFICATE FOR COMPLIANCE WITH MINIMUM STANDARDS OF BROKER BACK OFFICE SYSTEM AND INFORMATION SECURITIES REQUIREMENTS**

Dear Mr. Bilal,

This is with reference to your letter No. PSBA/P0621-01 dated June 10, 2021 in relation to the subject matter.

At the outset, we would like to inform that every TRE Certificate Holder is required, under Clause 4.25 of PSX Regulations, to have regular testing including vulnerability assessment and penetration testing conducted of its back office software / application and undergo certification requirements as prescribed by PSX. Further, under the said Clause, the TRE Certificate Holders are also required to submit with PSX, an audit report and a certificate of the auditor for appropriateness of necessary controls and safeguards put in place in relation to information security arrangements.

As you are aware that these regulatory requirements are in place since June 2016 and it is imperative for every TRE Certificate Holder to comply therewith to ensure consistency of reporting standards across the brokerage industry.

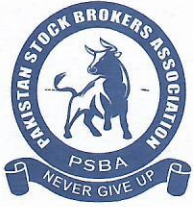
In view thereof and also considering the fact that PSX does not regulate the vendors of brokers' back office system, it is reiterated that the TRE Certificate Holders comply with the requirements notified vide PSX Notice No. PSX/N-661 dated June 01, 2021 issued under Clause 4.25 of PSX Regulations.

Yours truly,

AJEET KUMAR
Chief Regulatory Officer

Cc:

1. The Chief Executive Officer – PSX
2. The Chief Operating Officer – PSX



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Bilal Farooq Zardi
Secretary General

Ref: PSBA/S0621-02

June 23, 2021

MR. AAMIR KHAN

Chairman

Securities and Exchange Commission of Pakistan
Islamabad.

Subject: **SUBMISSION OF AUDITOR'S CERTIFICATE FOR COMPLIANCE WITH
MINIMUM STANDARDS OF BROKER BACK OFFICE SYSTEM AND
INFORMATION SECURITY REQUIREMENTS**

Dear Sir,

Reference is made to the captioned subject, it is to submit that in pursuance of the notice published by Pakistan Stock Exchange PSX/N-661 dated June 01, 2021, we had made a representation with the Exchange authority to seek relaxation apprising of the difficulties and a huge cost impact if it is enforced to the entire industry. Subsequently, the Exchange responded that all the TREC Holders have to mandatorily comply with the requirement of Clause 4.25 of PSX Regulations (copies enclosed).

Now, therefore, your good office is requested to kindly intervene in the matter and the Exchange authority may please be directed to enforce the compliance with some alternate and short method instead of going for all the 200 stock brokers, as requested in our aforesaid letter.

This relaxation will certainly provide ease to the brokers, and will also save cost for an audit of the system provided by the software vendors, already approved by the Exchange itself.

Moreover, we would like to give a soft reminder to kindly introduce a consolidated audit mechanism for stock brokers so that it will do away with the requirement of multiple audits.

We look forward to your positive response in this regard,

Yours sincerely,



Securities and Exchange Commission of Pakistan

Securities Market Division

Policy, Regulation and Development Department

No. SMD/PSBA/2(20)/2021 *1140*

July 07, 2021

Mr. Bilal Farooq Zardi

Secretary General

Pakistan Stock Brokers Association

Mezzanine Floor, Trading Hall, Stock Exchange Building

Off I.I. Chundrigar Road, Karachi.

Subject: Submission of Auditor's Certificate for Compliance with the minimum standards of Broker Back Office System and Information Security Requirements

Dear Sir,

This is with reference to your letter dated June 23, 2021, concerning the subject matter.

In this regard, please be apprised that taking into account the request of market participants, Pakistan Stock Exchange (PSX) has been advised to implement the subject audit requirements in a phased manner. You may contact PSX for further details.

Regards,

(Zonish Inayat)

Additional Joint Director



ANNOUNCEMENT

PSX/N-872

Dated: July 13, 2021

SUBMISSION OF AUDITOR CERTIFICATE FOR COMPLIANCE WITH MINIMUM STANDARDS OF BROKER BACK OFFICE SYSTEM AND INFORMATION SECURITY REQUIREMENTS

This is further to our Notice No. PSX/N-661 dated June 01, 2021.

All TRE Certificate Holders are hereby informed that Pakistan Stock Exchange Limited (PSX) is revisiting the requirement, notified vide above notice, relating to submission of auditor's certificate for compliance with minimum standards of Broker Back Office System and information security requirements and the revised requirement shall be notified accordingly in due course of time.

AJEET KUMAR

Chief Regulatory Officer

Cc:

1. The Director/HoD, PRDD, (SMD), SECP
2. Add. Director, Supervision Division-Offsite-I Dept., SECP
3. The Chief Executive Officer, PSX
4. The Chief Executive Officer, CDC
5. The Chief Executive Officer, NCCPL
6. The Chief Executive Officer, PMEX
7. All Heads of Departments, PSX
8. The Regional Heads-ISB & LHR, PSX
9. All TRE Certificate Holders
10. PSX Website & Notice Board