



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,
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Bilal Farooq Zardai
Secretary General

Ref: PSBA/P1221-03

December 7, 2021

Mr. FARRUKH KHAN
Chief Executive Officer
Pakistan Stock Exchange Limited
Karachi.

Subject: **TRADING OF EQUITY SECURITIES ON GROWTH ENTERPRISE MARKET (GEM)**

Dear Sir,

This is with reference to PSX Notice No. PSX/N-1375 dated November 23, 2021, regarding the captioned subject which has been a cause of concern for our members since its issuance as below:

1. How can a broker be financially responsible for misdeclaration by its customers;
2. What is this requirement of minimum Rs.5 million or above for, especially when the disclaimers have been given by both the Regulators to invest at own risk, then there is no need to further impose the restrictions;
3. Why should a broker be penalized if the investor is taking the risk?

Please note that neither the definition of net assets has been provided anywhere clearly nor any cut-off date has been prescribed for assessing the net assets of the customers. You may appreciate that in the case of individual customers there is no reliable document to ascertain their net assets except Wealth Statement filed with FBR which is also prepared by the individual itself.

It is also important to mention here that obtaining a declaration from the customer is a very time-consuming exercise which requires active and consistent follow-up as you may appreciate that the customers do not use to respond to such communications on a timely basis.

In light of the above concerns, we are of the considered view that there should be no disparity between Ready & GEM Board, as no such restrictions are imposed on Ready Board investors. Therefore, the requirement of Rs.5 million in addition to the reporting connected therewith may please be deleted in order for the product to work efficiently without any hassle.

It is hoped that you will consider our above submissions positively in the interest of Capital Market in general and the GEM Board in particular as this may also affect the future listings, which is indeed a not good sign for the PSX Management, Shareholders, Brokers as well as Investors.

Best Regards,

Cc: **The Chairman - Securities and Exchange Commission of Pakistan**