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.

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Bilal Farooq Zardi
Secretary General

Ref: PSBA/P0322-02

March 18, 2022

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

Subject: CONSOLIDATION OF REGULATORY AUDITS/INSPECTIONS OF
               SECURITIES BROKERS INTO JOINT INSPECTION REGIME

Dear Sir,

This refers to the briefing given by the Oversight Committee (OC) members on March 9, 2022, in respect to the captioned subject to have the feedback of the members of the Pakistan Stock Brokers Association (PSBA).

In this regard, kindly clarify when the subject mechanism has its own cost to be borne by the members then what was the objective behind Introduction of "New Regulatory Fee". It is pertinent to mention that approximately 90% of the Centralized Customers Protection Compensation Fund (CCPF) is being retained by PSX as a Regulatory Fee, the legality of which has been objected already.

Analysis of PSX's financial statements reveals that under Regulatory Fee Rs.21mn were collected as of June 30, 2021, and Rs.32mn in six months as of December 2021.

Furthermore, it is indeed a cause of concern that the front-line Regulator is being given the role of the auditor. We strongly believe that this dual role of the front-line Regulator will jeopardize the interest of our members.

Therefore, based on the foregoing it would be difficult for the members to survive rather they would prefer to continue with the existing state of affairs.

However, we request you for detailed TORs from all SROs in the Oversight Committee enabling our members to comply accordingly.

Look forward to your positive response.

Best Regards,

Cc to:

1. **Mr. Asif Iqbal** – Director/HOD – SECP
2. **Mr. Amir Mobin** – CRO – NCCPL
3. **Mr. Hammad Ali Faisal** – CCO - CDC