



PAKISTAN STOCK BROKERS ASSOCIATION

(A company setup under section 42 of the Companies Act 2017)

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Bilal Farooq Zardi
Secretary General

Ref: PSBA/S0322-01

March 2, 2022

MR. AAMIR KHAN

Chairman

Securities and Exchange Commission of Pakistan
Islamabad.

Subject: **PROPOSED AMENDMENTS TO THE SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS, 2016 AND CONCEPT OF ONLINE ONLY CATEGORY**

Dear Sir,

You are aware that Pakistan Stock Brokers Association (PSBA) is a representative body of the TREC Holders/Stock Brokers of Pakistan Stock Exchange (PSX). It would have been much better if the concept was introduced with the consultation of PSBA (the approved representative body). Nevertheless, we are submitting our comments concerning the above captioned subject:

1. The Online Only Category, introduced through the Concept Note (CN), requires a presentation as to how it maintains a level playing field;
2. The CN has also ignored the understanding developed that any change in the Rules/Regulation will be initiated with the consultation of the Association;
3. You will also acknowledge that after the enactment of the Securities Brokers (Licensing and Operations) Regulations, 2016, and the introduction of Broker Categories in 2020, there is a negligible risk of clearing and custody defaults. However, the over-burdening of Rules/Regulations have contributed largely to the downfall of the market;
4. The PSX Management has failed to introduce new financial products at the Exchange;
5. It is pertinent to mention here that the decline in investor outreach is not because of the absence of stock brokers, rather we are of the considered view that decline in investors is due to cumbersome/stringent Rules/Regulations, issues onboarding mechanism, AML/CFT/KYC/CDD, etc. audits/Regulations.

Including but not limited to the above concerns, there are so many other impediments in the Proposed Category which call for an interactive session between the stakeholders.

Looking forward to your prompt response.

Regards,