



# 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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PSBA/Notice-085

November 15, 2022

## NOTICE FOR MEMBERS

### **COMMENTS ON PROPOSED AMENDMENTS TO PAKISTAN STOCK EXCHANGE (PSX) REGULATIONS/RULE BOOK IN RELATION TO VARIOUS MATTERS**

This is in reference to the notification PSX/N-1100 dated November 7, 2022, whereby the comments have been invited by the PSX:

1. Additional amendments pursuant to the deployment of the New Trading System (**NTS**);
2. Exclusion of value of securities held by the CEO, Directors, Sponsors, and Substantial Shareholders of a securities broker for determining Base Minimum Capital (**BMC**); and
3. Introduction of the 'Online Only' category of Securities Brokers.

In this regard, the members are hereby requested to kindly submit your comments, if any, at [psamail024@gmail.com](mailto:psamail024@gmail.com) latest by **November 21, 2022**, so that a consolidated response is submitted to the authorities for their consideration.

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sd  
**BILAL FAROOQ ZARDI**  
Secretary General

#### Copy to:

1. PSBA Website

## INVITATION OF PUBLIC COMMENTS

### PROPOSED AMENDMENTS TO PAKISTAN STOCK EXCHANGE LIMITED (PSX) REGULATIONS IN RELATION TO VARIOUS MATTERS

This is to inform the public that PSX, in exercise of power conferred upon it u/s 7 of the Securities Act, 2015, is proposing amendments to PSX Regulations in relation to the following matters:

1. Additional amendments pursuant to deployment of New Trading System (**NTS**);
2. Exclusion of value of securities held by the CEO, Directors, Sponsors and Substantial Shareholders of a securities broker for determining Base Minimum Capital (**BMC**); and
3. Introduction of 'Online Only' category of Securities Brokers.

The detail of each of the above matters is mentioned below:

#### 1. ADDITIONAL AMENDMENTS PURSUANT TO DEPLOYMENT OF NTS:

Further to amendments made to PSX Regulations in relation to deployment of NTS and notified vide PSX Notice No. PSX/N-844 dated July 05, 2021, the following additional amendments are being proposed to align PSX Regulations with the NTS:

SR.#	SUBJECT MATTER	PROPOSED AMENDMENTS
I	Migration to one share lot size for securities traded in Ready Market and GEM Board.	<p>Considering that the constituent securities of ETFs already trade in the lot size of one share which constitute a significant portion of trading volume and value of market, taking into account the international practices of various exchanges and deliberations held with market participants, it is proposed that the lot size of all equity securities traded in Ready Market and GEM Board be changed to 'one share'. The lot/contract size applicable in other markets shall remain unchanged e.g. futures markets, bills &amp; bonds markets.</p> <p>Key benefits of migration to marketable lot to one share and list of Exchanges where lot size is one share are attached herewith as <b>Exhibit A</b>.</p> <p>In view of the above, following key amendments are being proposed to PSX Regulations:</p> <ol style="list-style-type: none"> <li>(a) Abolishment of references of Odd Lots Market from Chapter 8, 10 and 19 of PSX Regulations; and</li> <li>(b) Consequential deletion of circuit breaker, trading fee, CCPF contribution levy, regulatory fee, SECP Levy specifically relating to Odd Lots Market from Chapter 24 of PSX Regulations and Schedule of Charges prescribed by PSX.</li> </ol>

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II	Restrictions on Short Sale at 'without Up-Tick' or 'without Zero-Plus Tick', in case prices go down beyond prescribed limits.	<p>PSX Regulation 10.14.4 states that where short sale is executed without Up-Tick or Zero-Plus Tick, the following restrictions apply:</p> <table border="1"> <thead> <tr> <th>Situations</th> <th>Short Sale Not Allowed For</th> </tr> </thead> <tbody> <tr> <td>Price of a security declines up to such %, as specified by PSX, from the closing price of previous trading day.</td> <td>Remainder of the day</td> </tr> <tr> <td>Lower circuit breaker becomes applicable on the closing price of a security.</td> <td>Next 2 trading days or such number of days as may be specified by PSX.</td> </tr> <tr> <td>Lower circuit breaker becomes applicable on the closing price of a security consecutively for 5 trading days.</td> <td>Next 15 trading days after the 5<sup>th</sup> trading day or such number of days as may be specified by PSX.</td> </tr> </tbody> </table> <p>The above restrictions are proposed to be removed from PSX Regulations as the same would also not be provisioned in NTS.</p> <p>Moreover, editorial changes in PSX Regulation 10.14.2 and 10.14.3 have been proposed for clarity purpose.</p>	Situations	Short Sale Not Allowed For	Price of a security declines up to such %, as specified by PSX, from the closing price of previous trading day.	Remainder of the day	Lower circuit breaker becomes applicable on the closing price of a security.	Next 2 trading days or such number of days as may be specified by PSX.	Lower circuit breaker becomes applicable on the closing price of a security consecutively for 5 trading days.	Next 15 trading days after the 5 <sup>th</sup> trading day or such number of days as may be specified by PSX.
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Lower circuit breaker becomes applicable on the closing price of a security consecutively for 5 trading days.	Next 15 trading days after the 5 <sup>th</sup> trading day or such number of days as may be specified by PSX.									
III	Inclusion of unexecuted bid and offers while computing the closing price of a security.	<p>Presently, if cumulative volume of a security is less than the threshold of at least 500 shares or Rs. 25,000 whichever comes earlier or there is no volume in a security during the whole trading day, then all the bids and offers entered during the whole trading day are considered for determination of closing price of such security.</p> <p>Previously, it was decided that the role of bid and offer in computation of closing price should be removed. However, based on deliberation held internally as well as with the market participants, it is proposed to bring back in NTS the role of bid and offer in computation of closing price. Accordingly, requisite amendments have been proposed in PSX Regulation 19.1(a).</p>								
IV	Calculation of Date to Maturity (DTM) for determining Theoretical Price of a security trading under DFC/ CSFC.	<p>Presently, PSX Regulations state that where there is no trading in a security that trades under DFC or CSFC, then the closing price of such security is calculated as per following formula:</p> $\text{Closing Price of Underlying Security in the Ready Market} \times \{1 + (\text{One Month KIBOR} + 4\%) / 365 \times \text{DTM}\}$ <p>As per PSX Regulation 19.1(b), DTM is the difference between 'settlement dates' of trade in Ready Market and relevant contract, such as DFC or CSFC. In the NTS, DTM will be computed as the difference between 'trading date' of the Ready Market and 'last trading date' of relevant contract.</p> <p>The main reason for migration from settlement date to trade date-based computation of DTM is because the difference of days in two</p>								

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		<p>approaches is immaterial, hence, it is proposed to align PSX Regulations with the NTS.</p> <p>Example of calculation of theoretical price with DTM as the difference between 'settlement dates' and 'trading dates':</p> <table border="1"> <thead> <tr> <th colspan="3">ABC - DECEMBER</th> </tr> </thead> <tbody> <tr> <td>Ready Market closing rate, as of Nov 09, 2022 (Rs.)</td> <td>A</td> <td>111.45</td> </tr> <tr> <td>DFC closing rate (Rs.)</td> <td>B</td> <td>112.06</td> </tr> <tr> <td>Differential (Rs.)</td> <td>C = B-A</td> <td>0.61</td> </tr> <tr> <td>Ready Trade Date</td> <td>D</td> <td>9-Nov-22</td> </tr> <tr> <td>Futures Last Trade Date</td> <td>E</td> <td>25-Nov-22</td> </tr> <tr> <td>DTM (days)</td> <td>F = E-D</td> <td>17</td> </tr> <tr> <td>Ready Settlement Date</td> <td>G</td> <td>11-Nov-22</td> </tr> <tr> <td>Futures Settlement Date</td> <td>H</td> <td>29-Nov-22</td> </tr> <tr> <td>DTM (days)</td> <td>I = H-G</td> <td>19</td> </tr> <tr> <td>1 month KIBOR</td> <td></td> <td>7.81%</td> </tr> <tr> <td>KIBOR + 4%</td> <td></td> <td>11.81%</td> </tr> <tr> <td>Theoretical closing rate, as of Nov 09, 2022</td> <td>J</td> <td>112.06</td> </tr> <tr> <td><b>Difference with DFC Closing</b></td> <td><b>K = J-B</b></td> <td><b>0.00</b></td> </tr> <tr> <td>Theoretical closing rate, as of Nov 09, 2022</td> <td>L</td> <td>112.14</td> </tr> <tr> <td><b>Difference with DFC Closing</b></td> <td><b>M = L-B</b></td> <td><b>0.08</b></td> </tr> </tbody> </table>	ABC - DECEMBER			Ready Market closing rate, as of Nov 09, 2022 (Rs.)	A	111.45	DFC closing rate (Rs.)	B	112.06	Differential (Rs.)	C = B-A	0.61	Ready Trade Date	D	9-Nov-22	Futures Last Trade Date	E	25-Nov-22	DTM (days)	F = E-D	17	Ready Settlement Date	G	11-Nov-22	Futures Settlement Date	H	29-Nov-22	DTM (days)	I = H-G	19	1 month KIBOR		7.81%	KIBOR + 4%		11.81%	Theoretical closing rate, as of Nov 09, 2022	J	112.06	<b>Difference with DFC Closing</b>	<b>K = J-B</b>	<b>0.00</b>	Theoretical closing rate, as of Nov 09, 2022	L	112.14	<b>Difference with DFC Closing</b>	<b>M = L-B</b>	<b>0.08</b>
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V	Circuit breakers for ETFs eligible for trading in futures counter.	Presently under PSX Regulation 19.3(a), the base price taken for applying circuit breaker on ETF is its NAV. Since ETFs have recently been allowed to be eligible for trading in futures contracts, it is proposed that the base price for applying circuit breaker on ETF traded in futures contracts should also be NAV.																																																
VI	Rounding-off of calculated price for circuit breakers to the nearest tick size.	<p>The Tick Size is 1 paisa (or two decimal places) for all orders placed in Ready Market. After application of circuit breaker (7.5% either way), the calculated price may be in three or four decimal places. However, the system rounds off the calculated price to two decimal places to align with the tick size. Therefore, it is considered important that this rounding off effect may be specified in PSX Regulations for clarity purpose.</p> <p>Accordingly, a note is proposed to be inserted at the end of PSX Regulation 19.3 that the calculated price for circuit breakers shall be rounded to the nearest tick size.</p> <p><b>Example:</b></p> <table border="1"> <thead> <tr> <th></th> <th>Calculated Price</th> <th>Rounded-off to tick size</th> </tr> </thead> <tbody> <tr> <td>Share Price</td> <td>10.25</td> <td>10.25</td> </tr> <tr> <td>Upper circuit breaker (+7.5%)</td> <td>11.0187</td> <td>11.02</td> </tr> <tr> <td>Lower circuit breaker (-7.5%)</td> <td>9.4235</td> <td>9.42</td> </tr> </tbody> </table>		Calculated Price	Rounded-off to tick size	Share Price	10.25	10.25	Upper circuit breaker (+7.5%)	11.0187	11.02	Lower circuit breaker (-7.5%)	9.4235	9.42																																				
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The proposed amendments to PSX Regulations in relation to the above are attached herewith as **Annexure A**.

## 2. EXCLUSION OF VALUE OF SECURITIES HELD BY THE CEO, DIRECTORS, SPONSORS AND SUBSTANTIAL SHAREHOLDERS OF SECURITIES BROKERS FOR DETERMINING BMC:

Pursuant to the implementation of new broker regime and financial resource requirements for different categories of brokers under the Securities Brokers (Licensing & Operations) Regulations, 2016 (**Broker Licensing Regulations**), following relaxations had been made in the BMC regime:

- (i) Reduced BMC of PKR 5 million for Trading Only Securities Brokers that have completely transferred custody for its proprietary, directors, sponsors, and their relatives;
- (ii) Exclusion of the value of securities held in the house/proprietary account of a Securities Broker for the purpose of determining BMC; and
- (iii) Increase in the number of BMC slabs and reduction in the minimum required value of BMC from PKR 16 million to PKR 8 million for Securities Brokers other than the category of brokers mentioned at serial (i) above.

In view of various deliberations held with the market participants and taking into account that the Broker Licensing Regulations allow Trading Only Securities Broker to keep the custody of securities and money of its CEO, directors, sponsors and their close relatives, PSX is proposing that the value of securities held by the following persons associated with a Securities Broker may not be considered for the purpose of determining BMC:

- (i) CEO;
- (ii) Directors;
- (iii) Sponsors;
- (iv) Substantial Shareholder(s) holding at least 10% shares of the Securities Broker; and
- (v) Any other category as may be allowed by PSX with the approval of SECP.

For this purpose, the Securities Broker shall be required to furnish an undertaking to the Exchange that the claims of above person(s) will not be admissible in case of its default. Such undertaking must be agreed and duly signed by each person(s) and the concerned Securities Broker. In this regard, the proposed amendments to BMC Schedule prescribed under Chapter 19 of PSX Regulations, are attached herewith as **Annexure B**.

## 3. INTRODUCTION OF 'ONLINE ONLY' CATEGORY OF SECURITIES BROKERS:

### **Introduction:**

With advancement in information technology and social media, the SECP has introduced a new category of 'Online Only Broker' to promote digital on-boarding of customers and provision of online trading facilities. This category would purely be web-based and providing office less brokerage service while capitalizing on low overhead costs.

Online Only category of brokers would encourage new participants to commence brokerage business at lower operational and overhead costs. It would also allow existing brokers to opt for this category to lower such costs and use electronic means only to focus on their core business of trading. The business model of Online Only Broker shall be highly dependent on the robust IT

infrastructure and they must have adequate information technology and security arrangements and other necessary controls in place to ensure seamless provision of trading services, protection of customers' information and security against cyber threats, information theft and breaches etc.

### **Concept Paper and Amendments Approved by the SECP:**

SECP initially notified a concept note on Online Only Securities Brokers, for seeking public comments, outlining the objectives and benefits of this category, proposed structure and licensing regime, control measures to be adopted and international precedents in some jurisdictions. The concept paper is available on the website of SECP or can be accessed through the following link:

<https://www.secp.gov.pk/document/concept-note-online-only-brokers-for-public-comments/?wpdmdl=44210&refresh=63635de142cd51667456481>

Subsequently, the SECP notified approved amendments to the Broker Licensing Regulations in the context of Online Only Securities Brokers, which can be accessed at the following link:

<https://www.secp.gov.pk/document/securities-brokers-licensing-and-operations-regulations-2016-updated-as-of-october-14-2022-2/?wpdmdl=46089&refresh=63636021bafdc1667457057>

### **Salient Features of Proposed Amendments to PSX Regulations:**

Following are the salient features of amendments proposed in PSX Regulations in the context of Online Only Securities Broker:

Sr. #	KEY AMENDMENTS IN PSX REGULATIONS	CLAUSE AMENDED
I	Insertion of definition of 'Online Only Securities Broker' in PSX Regulations in line with the definition given in Broker Licensing Regulations with insertions of a few provisions for clarity.	Clause 2.4 (Ixx.A)
II	Insertion of term "Online Only Broker" in relevant clauses of PSX Regulations to ensure that all licensing, reporting and ongoing compliance requirements as applicable on TO securities broker are applicable to Online Only Brokers.	Various clauses
III	Allowing only Single Member Company to apply for license of Online Only Broker.	Clause 4.4.1
IV	Online Only Brokers to charge and collect brokerage commission from their customers at a lowered rate by reducing the range/ scale as prescribed in Annexure-III of Chapter 4 by not more than fifty percent (50%).	Clause 4.28.2
V	Other categories of brokers may also charge lower brokerage commission only for new clients on boarded through online means and to whom no other value-added services are provided.	Clause 4.28.3
VI	Applicability of following requirements on Online Only Brokers: (a) Offering trading services through online mode only; (b) Compliance with Chapter 9 [Internet Trading Regulations] of PSX Regulations where Online Only Broker provides trading facility through Internet Based Trading Services; (c) Permission to open Account Facilitation/ Customer Facilitation Center in accordance with Chapter 22A of PSX Regulations;	Clause 4.30.1

Sr. #	KEY AMENDMENTS IN PSX REGULATIONS	CLAUSE AMENDED
	(d) Maintenance of a functional and accessible website as per the requirements prescribed by SECP and/or PSX; and (e) Compliance with the Securities Brokers (Licensing and Operations) Regulations, 2016, PSX Regulations and any other requirements as may be prescribed by SECP and PSX.	
VII	Prohibition of following activities for Online Only Brokers: (a) Engaging in proprietary trading; (b) Settling executed trades and keeping custody of securities and money of its customers; (c) Providing trading terminal in any office; (d) Opening Branch Office in accordance with Chapter 22 of PSX Regulations; and (e) Any other activity as may be restricted by SECP or PSX.	Clause 4.30.2
VIII	Referral of any dispute between the Online Only Brokers and its client(s) in connection with trading or advisory services, to the Commission or Exchange for resolution through arbitration or any other medium allowed under the regulatory framework.	Clause 4.30.3
IX	Maintaining minimum net worth of PKR 7.5 million, as per the latest audited financial statements, in order to apply for provision of IBTS.	Clause 9.3 (a)
X	Maintaining a flat amount of PKR 1 million as BMC with PSX.	BMC Schedule prescribed in Chapter 19

The proposed amendments to PSX Regulations in relation to this matter are attached herewith as **Annexure C**.

### INVITATION OF PUBLIC COMMENTS:

In terms of Section 7(3) of the Securities Act, 2015, all interested parties are invited to provide written comments on the proposed amendments to PSX Regulations in relation to the above three matters, which are attached herewith as **Annexure A, B and C**, respectively.

The comments can be submitted latest by **November 21, 2022** through such modes and in such manner as suggested in the 'Guidelines for Submission of Comments', which are attached herewith as **Exhibit B**.



**AJEET KUMAR**  
Chief Regulatory Officer

### Cc:

1. The HOD (PRDD), SMD, SECP
2. The Secretary General, PSBA
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. The Chief Executive Officer, E-Clear
8. The Chief Executive Officer, IFMP

**“ANNEXURE A”**

**PROPOSED ADDITIONAL AMENDMENTS TO PSX REGULATIONS IN THE CONTEXT OF DEPLOYMENT OF NEW TRADING SYSTEM**

NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<b>Chapter 2: INTERPRETATION AND DEFINITIONS</b>		
<p><b>2.4. GENERAL DEFINITIONS:</b></p> <p>In these Regulations, unless there is anything repugnant in the subject or context:</p> <p>i. <b>All Markets</b> mean the different markets provided by the Exchange and are governed under these Regulations which include Ready Delivery Contract Market (which includes Odd Lots market), Deliverable Futures Contract Market, Cash-Settled Futures Contract Market, Stock Indices Futures Contract Market, Index Options Market, Debt Securities Market and any other market which the Board may provide for with the prior approval of the Commission and individually referred to as a “Market”;</p>	<p><b>2.4. GENERAL DEFINITIONS:</b></p> <p>In these Regulations, unless there is anything repugnant in the subject or context:</p> <p>i. <b>All Markets</b> mean the different markets provided by the Exchange and are governed under these Regulations which include Ready Delivery Contract Market <del>(which includes Odd Lots market)</del>, Deliverable Futures Contract Market, Cash-Settled Futures Contract Market, Stock Indices Futures Contract Market, Index Options Market, Debt Securities Market and any other market which the Board may provide for with the prior approval of the Commission and individually referred to as a “Market”;</p>	<p>Since marketable lot is proposed to be changed to 1 share in Ready Market and GEM, therefore, ‘Odd Lots Market’ will consequentially cease to exist, therefore, all references of OLM are proposed to be deleted.</p>
<p>lxxvii. <b>Ready Delivery Contract or Ready Market Contract</b> means a trade in a Security executed between a buyer and a seller in the Ready Delivery Contract Market or Odd Lots Market established under these Regulations and ready for settlement either on T+1 or T+2 Settlement Day as specified by the Exchange and shall not include Derivative Contracts;</p>	<p>lxxvii. <b>Ready Delivery Contract or Ready Market Contract</b> means a trade in a Security executed between a buyer and a seller in the Ready Delivery Contract <del>Market or Odd Lots Market</del> established under these Regulations and ready for settlement either on T+1 or T+2 Settlement Day as specified by the Exchange and shall not include Derivative Contracts;</p>	
<b>Chapter 5: LISTING OF COMPANIES AND SECURITIES REGULATIONS</b>		
<p><b>5.5. PROSPECTUS, ALLOTMENT, ISSUE AND TRANSFER OF SHARES:</b></p> <p><b>5.5.10. SPLIT/CONSOLIDATION OF PHYSICAL INSTRUMENTS:</b></p>	<p><b>5.5. PROSPECTUS, ALLOTMENT, ISSUE AND TRANSFER OF SHARES:</b></p> <p><b>5.5.10. SPLIT/CONSOLIDATION OF PHYSICAL INSTRUMENTS:</b></p>	



NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>(a) The Company shall split letters of right into marketable lots within seven (7) days of receipt of such application.</p> <p>(b) The Company shall consolidate or split, as may be required by a Security holder in writing certificates into marketable lots within thirty (30) days of receipt of such application. In case the split/consolidation results in lots other than marketable lots, the company may charge an amount, which shall not exceed Rs.100/- for each certificate.</p>	<p>(a) The Company shall split letters of right <del>into marketable lots</del> within seven (7) days of receipt of such application.</p> <p>(b) The Company shall consolidate or split, as may be required by a Security holder in writing certificates <del>into marketable lots</del> within thirty (30) days of receipt of such application. <del>In case the split/consolidation results in lots other than marketable lots, the company may charge an amount, which shall not exceed Rs.100/- for each certificate.</del></p>	<p>Since marketable lot is proposed to be changed to 1 share in Ready Market and GEM, therefore, this portion becomes redundant. Hence, references of marketable lot are proposed to be deleted.</p>
<p><b>5.8. INCREASE OF CAPITAL AND ALLIED ISSUES:</b></p> <p>5.8.1. THROUGH ISSUING OF ENTITLEMENT LETTERS OR RIGHT OFFERS:</p> <p>(a) A Listed Company shall issue entitlement letters or right offers in marketable lots to all the Security holders within a period of thirty (30) days from the date of re-opening of security transfer register of the company closed for this purpose.</p> <p>Provided that this regulation shall not apply on the Security which is eligible to be deposited into CDS. In such cases, the procedure as prescribed by the CDC shall be complied with.</p>	<p><b>5.8. INCREASE OF CAPITAL AND ALLIED ISSUES:</b></p> <p>5.8.1. THROUGH ISSUING OF ENTITLEMENT LETTERS OR RIGHT OFFERS:</p> <p>(a) A Listed Company shall issue entitlement letters or right offers <del>in marketable lots</del> to all the Security holders within a period of thirty (30) days from the date of re-opening of security transfer register of the company closed for this purpose.</p> <p style="text-align: center;">No Change</p>	<p>Same as above.</p>
<p><b>5.16. PROCEDURE FOR VOLUNTARY DE-LISTING:</b></p> <p>5.16.4. Upon approval of the minimum purchase price in the general meeting of the shareholders, the Company shall submit the bank guarantee of the Purchase Agent in an amount and such format as is demanded by the Exchange to secure its obligation.</p>	<p><b>5.16. PROCEDURE FOR VOLUNTARY DE-LISTING:</b></p> <p style="text-align: center;">No Change</p>	

NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>The said bank guarantee shall remain valid for a period not less than 15 days from the expiry date of the initial buy back period or when all outstanding shares have been purchased by the majority shareholders, whichever is earlier.</p> <p>Provided further that all the trades during the initial period of 60 days will be conducted on the Trading System only irrespective of marketable lot. The purchase agent will be required to maintain a live bid in the System at the minimum purchase price approved by the Exchange. The purchase price shall be based on market forces, subject to minimum purchase price determined by the Exchange.</p>	<p>Provided further that all the trades during the initial period of 60 days will be conducted on the Trading System only <del>irrespective of marketable lot</del>. The purchase agent will be required to maintain a live bid in the System at the minimum purchase price approved by the Exchange. The purchase price shall be based on market forces, subject to minimum purchase price determined by the Exchange.</p>	<p>Same as above.</p>
<p><b>Chapter 5A: REGULATIONS GOVERNING LISTING AND TRADING OF EQUITY SECURITIES ON GROWTH ENTERPRISE MARKET</b></p>		
<p><b>5A.9.2. MINIMUM ORDER SIZE (MARKETABLE LOT):</b></p> <p>The minimum order size for trading in equity securities shall be notified from time to time by NCCPL.</p>	<p><b>5A.9.2. MINIMUM ORDER SIZE <del>(MARKETABLE LOT)</del>:</b></p> <p>The minimum order size for trading in equity securities shall be notified from time to time by NCCPL.</p>	<p>Same as above.</p>
<p><b>Chapter 8: TRADING SYSTEM REGULATIONS</b></p>		
<p><b>8.15. NEGOTIATED DEAL:</b></p> <p>8.15.1. Negotiated Deal shall not participate in the open market, however, a Negotiated Deal can be reported throughout the hours of operation of the Exchange and thereafter until a time set by the Exchange.</p> <p>8.15.2. Price protection procedures shall not apply to Negotiated Deals.</p> <p>8.15.3. Negotiated Deal shall have no minimum volume requirements.</p> <p>8.15.4. A Negotiated Deal will trade in its entirety as if it were an</p>	<p>No Change</p> <p>No Change</p> <p>No Change</p> <p>No Change</p>	

NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>All or None (AON) transactional partial fills and undisclosed volumes shall not be allowed.</p> <p>8.15.5. Negotiated Deal can be an Odd Lot.</p> <p>8.15.6. All Negotiated Deals will be cancelled at the end of trading day if they remain unconfirmed.</p> <p>8.15.7. All Negotiated Deals executed shall be mandatorily reported to the Exchange on the same trading day in the manner as prescribed by the Exchange, for onward dissemination.</p>	<p><del>8.15.5. Negotiated Deal can be an Odd Lot.</del></p> <p>8.15.5<del>6</del>. All Negotiated Deals will be cancelled at the end of trading day if they remain unconfirmed.</p> <p>8.15.6<del>7</del>. All Negotiated Deals executed shall be mandatorily reported to the Exchange on the same trading day in the manner as prescribed by the Exchange, for onward dissemination.</p>	<p>Since marketable lot is proposed to be changed to 1 share in Ready Market and GEM, therefore, 'Odd Lots Market' will consequently cease to exist, therefore, all references of OLM are proposed to be deleted.</p>
<b>Chapter 10: READY DELIVERY CONTRACTS MARKET REGULATIONS</b>		
<p><b>10.4. STANADARIZED MARKETABLE LOTS:</b></p> <p><b>10.4.1. BOOK-ENTRY SECURITIES:</b></p> <p>(a) The Exchange shall notify from time to time the securities which are eligible for trading at the Ready Delivery Contract Market;</p> <p>(b) The Exchange shall allow its Securities Brokers to trade Book-entry Securities through its Ready Delivery Contract Market in the Marketable Lots or multiple thereof as prescribed in the NCSS Procedures made under NCCPL Regulations.</p> <p>(c) The following shall be applicable on Book-entry Securities with Marketable Lots of more than one:</p> <p>(i) The NCCPL shall determine Marketable Lots based on the Closing Prices of the Securities at the Exchange. On the basis of which the NCCPL will notify the Marketable Lots to all market participants.</p>	<p><del>10.4. STANADARIZED MARKETABLE LOTS:</del></p> <p><b>10.4.1. BOOK-ENTRY SECURITIES:</b></p> <p>(a) The Exchange shall notify from time to time the securities which are eligible for trading at the Ready Delivery Contract Market;</p> <p>(b) The Exchange shall allow its Securities Brokers to trade Book-entry Securities through its Ready Delivery Contract Market in <del>such lot the Marketable Lots or multiple thereof</del> as prescribed in the NCSS Procedures made under NCCPL Regulations.</p> <p><del>(c) The following shall be applicable on Book-entry Securities with Marketable Lots of more than one:</del></p> <p><del>(i) The NCCPL shall determine Marketable Lots based on the Closing Prices of the Securities at the Exchange. On the basis of which the NCCPL will notify the Marketable Lots to all market participants.</del></p>	<p>Considering that marketable lot is proposed to be changed to 1 for all shares in ready Market and GEM Board, therefore, this clause is proposed to be amended.</p>

NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>(ii) The Marketable Lot shall be revised after giving at least 30 days' notice in advance in coordination with the Clearing Company.</p> <p>Provided that the sub-clause (ii) shall not apply to ETF constituent stocks which shall be disclosed by the Exchange in accordance with the index policy agreed with the concerned AMC.</p> <p>(d) The Exchange may allow the Securities Brokers to trade Odd Lots of all Book-entry Securities through an Odd Lots Market at the Exchange.</p> <p>(e) The Exchange will transmit all trades executed either in Marketable Lots or Odd Lots to the Clearing Company for their clearing and settlement on NCSS in accordance with NCCPL Regulations and Procedures there under.</p>	<p><del>(ii) The Marketable Lot shall be revised after giving at least 30 days' notice in advance in coordination with the Clearing Company.</del></p> <p><del>Provided that the sub-clause (ii) shall not apply to ETF constituent stocks which shall be disclosed by the Exchange in accordance with the index policy agreed with the concerned AMC.</del></p> <p><del>(d) The Exchange may allow the Securities Brokers to trade Odd Lots of all Book-entry Securities through an Odd Lots Market at the Exchange.</del></p> <p>(e) The Exchange will transmit all trades executed either in Marketable Lots or Odd Lots to the Clearing Company for their clearing and settlement on NCSS in accordance with NCCPL Regulations and Procedures there under.</p>	<p>Since marketable lot is proposed to be changed to 1 share in Ready Market and GEM, therefore, 'Odd Lots Market' will consequently cease to exist, therefore, all references of OLM are proposed to be deleted.</p>
<p><b>10.4.2. PHYSICAL FORM SECURITIES:</b></p> <p>(c) If the delivery is made pursuant to a sale in Ready Delivery Contract Market in lots smaller than Marketable Lots, the buying Securities Broker cannot refuse the delivery, if the lots delivered can be rounded-up into a Marketable Lot or multiple thereof. The buying securities Broker, however, shall have the right to deduct the extra transfer fees, if charged, under whatever name, at the rate levied by the Issuer concerned, if there are more than one transfer form.</p> <p>The deduction in respect of extra transfer forms, if any, involved in delivery of Lots smaller than</p>	<p><del>(c) If the delivery is made pursuant to a sale in Ready Delivery Contract Market in lots smaller than Marketable Lots, the buying Securities Broker cannot refuse the delivery, if the lots delivered can be rounded-up into a Marketable Lot or multiple thereof. The buying securities Broker, however, shall have the right to deduct the extra transfer fees, if charged, under whatever name, at the rate levied by the Issuer concerned, if there are more than one transfer form.</del></p> <p><del>The deduction in respect of extra transfer forms, if any, involved in delivery of Lots smaller than</del></p>	<p>Considering that marketable lot is proposed to be changed to 1 for all shares in ready Market and GEM Board, therefore, this sub-clause becomes redundant, hence it is proposed to delete the same.</p>

NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE																																																																																								
<p>Marketable Lots but rounded-up into a Marketable Lot, shall not be permissible if transfer fee is not charged by the company concerned.</p>	<p><del>Marketable Lots but rounded-up into a Marketable Lot, shall not be permissible if transfer fee is not charged by the company concerned.</del></p>																																																																																									
<p><b>10.14. SHORT SALE:</b></p> <p>10.14.1. Short Sale under Ready Delivery Contract Market shall be executed through a special Short Sale order window designated in the Trading System for Short Sale in the manner and procedure as may be prescribed by the Exchange from time to time.</p>	<p><b>10.14. SHORT SALE:</b></p> <p>No Change</p>																																																																																									
<p>10.14.2. Short Sale will only be permissible on Uptick or Zero-Plus Tick, for example:</p> <table border="1" data-bbox="203 888 662 1394"> <thead> <tr> <th>LEVEL</th> <th>TIME</th> <th>RATE</th> <th>REMARKS</th> </tr> </thead> <tbody> <tr> <td></td> <td>Previous Closing</td> <td>19.00</td> <td></td> </tr> <tr> <td>A</td> <td>10:00 a.m.</td> <td>19.05</td> <td>Short Sale allowed</td> </tr> <tr> <td>B</td> <td>10:02 a.m.</td> <td>19.10</td> <td>Short Sale allowed</td> </tr> <tr> <td>C</td> <td>10:10 a.m.</td> <td>19.10</td> <td>Short Sale allowed</td> </tr> <tr> <td>D</td> <td>10:11 a.m.</td> <td>19.05</td> <td>Not Allowed</td> </tr> <tr> <td>E</td> <td>10:12 a.m.</td> <td>19.05</td> <td>Not Allowed</td> </tr> <tr> <td>F</td> <td>12:00 noon</td> <td>19.50</td> <td>Short Sale allowed</td> </tr> <tr> <td>G</td> <td>12:05 p.m.</td> <td>19.45</td> <td>Not Allowed</td> </tr> <tr> <td>H</td> <td>12:10 p.m.</td> <td>18.90</td> <td>Not Allowed</td> </tr> <tr> <td></td> <td>12:15 p.m.</td> <td>18.95</td> <td>Short Sale allowed</td> </tr> </tbody> </table>	LEVEL	TIME	RATE	REMARKS		Previous Closing	19.00		A	10:00 a.m.	19.05	Short Sale allowed	B	10:02 a.m.	19.10	Short Sale allowed	C	10:10 a.m.	19.10	Short Sale allowed	D	10:11 a.m.	19.05	Not Allowed	E	10:12 a.m.	19.05	Not Allowed	F	12:00 noon	19.50	Short Sale allowed	G	12:05 p.m.	19.45	Not Allowed	H	12:10 p.m.	18.90	Not Allowed		12:15 p.m.	18.95	Short Sale allowed	<p><del>10.14.2. Short Sale will only be permissible on Uptick or Zero-Plus Tick, for example:</del></p> <table border="1" data-bbox="678 888 1138 1394"> <thead> <tr> <th>LEVEL</th> <th>TIME</th> <th>RATE</th> <th>REMARKS</th> </tr> </thead> <tbody> <tr> <td></td> <td>Previous Closing</td> <td>19.00</td> <td></td> </tr> <tr> <td>A</td> <td>10:00 a.m.</td> <td>19.05</td> <td>Short Sale allowed</td> </tr> <tr> <td>B</td> <td>10:02 a.m.</td> <td>19.10</td> <td>Short Sale allowed</td> </tr> <tr> <td>C</td> <td>10:10 a.m.</td> <td>19.10</td> <td>Short Sale allowed</td> </tr> <tr> <td>D</td> <td>10:11 a.m.</td> <td>19.05</td> <td>Not Allowed</td> </tr> <tr> <td>E</td> <td>10:12 a.m.</td> <td>19.05</td> <td>Not Allowed</td> </tr> <tr> <td>F</td> <td>12:00 noon</td> <td>19.50</td> <td>Short Sale allowed</td> </tr> <tr> <td>G</td> <td>12:05 p.m.</td> <td>19.45</td> <td>Not Allowed</td> </tr> <tr> <td>H</td> <td>12:10 p.m.</td> <td>18.90</td> <td>Not Allowed</td> </tr> <tr> <td></td> <td>12:15 p.m.</td> <td>18.95</td> <td>Short Sale allowed</td> </tr> </tbody> </table>	LEVEL	TIME	RATE	REMARKS		Previous Closing	19.00		A	10:00 a.m.	19.05	Short Sale allowed	B	10:02 a.m.	19.10	Short Sale allowed	C	10:10 a.m.	19.10	Short Sale allowed	D	10:11 a.m.	19.05	Not Allowed	E	10:12 a.m.	19.05	Not Allowed	F	12:00 noon	19.50	Short Sale allowed	G	12:05 p.m.	19.45	Not Allowed	H	12:10 p.m.	18.90	Not Allowed		12:15 p.m.	18.95	Short Sale allowed	<p>Editorial changes have been proposed in these clauses.</p>
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<p>10.14.3. In addition to Regulation 10.14.2. above., Short Sale shall also be allowed without Up-tick or Zero-Plus Tick up to the following extent:</p> <p>(a) <b>UIN-WIDE POSITION:</b> A UIN will be allowed to make short sale to the maximum quantum as may be specified by the Exchange from time to time.</p>	<p><del>10.14.3. In addition to Regulation 10.14.2. above., Short Sale shall also be allowed without Up-tick or Zero-Plus Tick up to the following extent:</del></p> <p><b>10.14.32. In addition to Regulation 10.14.2. above., Short Sale when executed shall be allowed</b> up to the following extent:</p> <p>No Change</p>																																																																																									

NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>(b) <b>SECURITIES BROKER-WIDE POSITION:</b> A Securities Broker for its all UINs including its clients' positions will be allowed to make short sale to the maximum quantum as may be specified by the Exchange from time to time.</p> <p>(c) <b>MARKET-WIDE POSITION:</b> All Securities Brokers on cumulative basis will be allowed to make short sale to the maximum quantum as may be specified by the Exchange from time to time.</p>	<p>No Change</p> <p>No Change</p>	
<p>10.14.4. The exemptions mentioned in Regulation 10.14.3. above shall not be available in the following cases:</p> <p>(a) when the price of a security declines up to such percentage as may be specified by the Exchange, the exemptions shall not be available for the remainder of the day;</p> <p>(b) when lower circuit breaker becomes applicable on the Closing Price of a security, the exemptions shall not be available for the next two trading days or such number of days as may be specified by the Exchange;</p> <p>(c) when lower circuit breaker becomes applicable on the Closing Price of a Security consecutively for five trading days or such number of days as specified by the Exchange, the exemptions shall not be available for next fifteen trading days after the fifth trading day or for such period as specified by the Exchange.</p>	<p><del>10.14.4. The exemptions mentioned in Regulation 10.14.3. above shall not be available in the following cases:</del></p> <p><del>(a) when the price of a security declines up to such percentage as may be specified by the Exchange, the exemptions shall not be available for the remainder of the day;</del></p> <p><del>(b) when lower circuit breaker becomes applicable on the Closing Price of a security, the exemptions shall not be available for the next two trading days or such number of days as may be specified by the Exchange;</del></p> <p><del>(c) when lower circuit breaker becomes applicable on the Closing Price of a Security consecutively for five trading days or such number of days as specified by the Exchange, the exemptions shall not be available for next fifteen trading days after the fifth trading day or for such period as specified by the Exchange.</del></p>	<p>There will be no such restrictions in place in NTS. Therefore, this clause is proposed to be removed.</p>
<b>Chapter 19: RISK MANAGEMENT REGULATIONS</b>		
<p><b>19.1. METHODOLOGIES:</b></p>	<p>No Change</p>	

NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>(a) The Closing Price of a Security eligible for trading under respective Market is determined as per following methodology:</p> <p>(i) If the cumulative volume in a Security is at least 500 shares or Rs. 25,000/ -, whichever comes earlier (here in after referred to as the “threshold”) then the Closing Price of that Security shall be determined as Volume Weighted Average (VWA) price of trades of last 30 minutes before closing of the market.</p> <p>(ii) If the cumulative volume in a Security during last 30 minutes before closing is less than the threshold, then the Closing Price of that security shall be determined as VWA of the most recent executed trades during the day which constitute the threshold.</p> <p>(iii) If no closing price is determined as per clause (i) and (ii) above, then the Closing Price of that security shall be the previous day’s Closing Price.</p> <p style="text-align: center;"><b>New Insertion</b></p>	<p style="text-align: center;">No Change</p> <p style="text-align: center;">No Change</p> <p>(iii) <del>If no closing price is determined as per clause (i) and (ii) above, then the Closing Price of that security shall be the previous day’s Closing Price.</del></p> <p><u>If cumulative volume is less than the threshold or there is no volume in the Security during the whole trading day, then Closing Price shall be the VWA of executed trades and either all bids or all offers entered in the Trading System during the whole trading day. Such VWA price must be better than the previous day’s Closing Price, provided that:</u></p> <p><u>i. Cumulative volume of either all bids or all offers</u></p>	<p>Based on deliberation held internally as well as with the market participants, it is proposed to bring back in NTS the role of bid and offers in calculation of closing price of a security, as presently applicable.</p>

NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p style="text-align: center;"><b>New Insertion</b></p> <p>(iv) Cross Trades at Securities Broker's level, and trades which are executed under the same UIN, if any, shall not be eligible</p>	<p><u>entered at order level and executed trades are equal to or greater than the threshold.</u></p> <p>ii. <u>Such bids or offers are entered in the Trading System at least two hours before the market close and remained unchanged during such period.</u></p> <p>iii. <u>Such bids or offers are available for trade at the time of closure of the market.</u></p> <p><u>Explanation: The term "better", for the purposes of this clause, means the following:</u></p> <p>i. <u>if VWA price of all bids and executed trades is greater than the previous day's Closing Price, the VWA of all bids and executed trades; otherwise</u></p> <p>ii. <u>if VWA price of all offers and executed trades is less than the previous day's Closing Price, the VWA of all offers and executed trades; otherwise</u></p> <p>iii. <u>where both (i) and (ii) above do not apply, then the previous day's Closing Price shall be applicable.</u></p> <p><u>(iv) In case, bid or offer price does not meet the above criteria; the Closing Price of the Security shall remain unchanged from the previous day's Closing Price.</u></p> <p>(iv) Cross Trades at Securities Broker's level, and trades which are executed under the same UIN, if any, shall not be</p>	



NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
for the determination of Closing Price of the respective Security.	eligible for the determination of Closing Price of the respective Security.	
(b) In case no trade takes place during the whole trading day in the Deliverable Futures Contract Market or Cash-Settled Futures Contract Market in a particular Security, the Closing Price of that Security for respective futures market will be updated on the basis of Theoretical Price.	No Change	
<p>(c) The Theoretical Price for a Security tradable under Deliverable Futures Contract and/or Cash-Settled Futures Contracts Markets, if there is no trading in such Security in the respective market during whole trading day, is determined as per following methodology:</p> <p>(i) The Closing Price of underlying Security in the Ready Delivery Contract market <math>\times \{1 + (\text{One Month KIBOR} + 4\%) / 365 \times \text{DTM}\}</math>;</p> <p>(ii) In case of ex-entitlement Contracts, the Theoretical Price will be adjusted based on ex-price adjustment formulas determined by the Exchange.</p> <p>Whereas DTM stands for Date to Maturity which will be equivalent to days difference in the Settlement Dates of the Ready Delivery Contract market and Deliverable Futures Contract or Cash-Settled Futures Contract on any trading date, on which such DTM is being determined.</p>	<p>No Change</p> <p>No Change</p> <p>No Change</p>	
	<p>Whereas DTM stands for Date to Maturity which will be equivalent to days difference in the <del>Settlement Dates</del> <u>trading date</u> of the Ready Delivery Contract market and <u>last trading date of</u> Deliverable Futures Contract or Cash-Settled Futures Contract on any trading date, on which such DTM is being determined.</p>	<p>In the NTS, DTM will be the difference between 'trading date' of the Ready Market and 'last trading date' of relevant contract. As Theoretical Price for a security tradable under DFC/ CSFC Markets is a reference price and there is not material difference</p>

NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
		while calculating theoretical price as per difference between Settlement Dates or Trade Dates, therefore, it is proposed to align the PSX Regulations with the NTS.
(d) The Closing Price of a Government Debt Security shall be the last trade price. In case no trade takes place in a security during the whole trading day, there will be no closing price of a security.	No Change	
<p><b>19.3. SCRIP-BASED CIRCUIT BREAKER:</b></p> <p>(a) The Exchange shall apply Security-wise circuit breaker for each Market separately (except Stock Index Futures Market, Index Option Market and Odd Lots Market) in case of price fluctuation of 7.5% or Re. 1/-, whichever is higher, from the security's Closing Price of the previous day.</p> <p>Provided that for ETF, the prevailing percentage based circuit breaker shall be applicable on the Net Asset Value of ETF or higher circuit breaker as notified by the Exchange from time to time under this clause.</p> <p>Provided further that where ETF underlying constituents comprise of stocks which are subject to both values of circuit breakers i.e. Re. 1/- and</p>	<p><b>19.3. SCRIP-BASED CIRCUIT BREAKER:</b></p> <p>(a) The Exchange shall apply Security-wise circuit breaker for each Market separately (except Stock Index Futures Market, <del>and</del> Index Option Market <del>and Odd Lots Market</del>) in case of price fluctuation of 7.5% or Re. 1/-, whichever is higher, from the security's Closing Price of the previous day.</p> <p>Provided that for ETF, <u>the circuit breaker shall be applicable as follows:</u></p> <p>(i) The prevailing percentage based circuit breaker shall be applicable on the Net Asset Value of ETF or higher circuit breaker as notified by the Exchange from time to time under this clause.</p> <p>(ii) <del>Provided further that</del> Where ETF underlying constituents comprise of stocks which are subject to both values of circuit</p>	<p>Reference of Odd Lots Market is proposed to be deleted here, consequential to deletion of circuit breaker of such market.</p> <p>Editorial changes proposed here.</p>

NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>prevailing percentage based circuit breaker, the circuit breaker of such ETF shall be applied as the weighted average circuit breaker applicable on underlying constituents for the day.</p> <p style="text-align: center;"><u><a href="#">New Insertion</a></u></p>	<p>breakers i.e. Re. 1/- and prevailing percentage based circuit breaker, the circuit breaker of such ETF shall be applied as the weighted average circuit breaker applicable on underlying constituents for the day.</p> <p><u>(iii) In case ETF is eligible for trading in Futures Market, the prevailing percentage based circuit breaker shall be applicable on the NAV based theoretical price as determined by the Exchange.</u></p>	<p>ETFs have recently been allowed to be eligible for trading in Futures Contracts. Therefore, it is proposed to prescribe a different circuit breaker for such EFT. Hence, for ETF eligible for trading in Futures Market, the prevailing percentage of circuit breaker shall be applied on the NAV based theoretical price as determined by PSX.</p>
<p>(d) In case of Odd Lots Market, the circuit breaker of Rs. 2 or 10% of Closing Price of the Ready Delivery Contract Market shall be applicable.</p> <p>Provided that for ETF, there shall be a security-wise circuit breaker in case of price fluctuation of 10% from the Net Asset Value of ETF or circuit breaker as notified by the Exchange from time to time under this clause.</p> <p>Provided further that where underlying constituents comprise of stocks which are subject to both values of circuit breakers</p>	<p><del>(d) In case of Odd Lots Market, the circuit breaker of Rs. 2 or 10% of Closing Price of the Ready Delivery Contract Market shall be applicable.</del></p> <p><del>Provided that for ETF, there shall be a security-wise circuit breaker in case of price fluctuation of 10% from the Net Asset Value of ETF or circuit breaker as notified by the Exchange from time to time under this clause.</del></p> <p><del>Provided further that where underlying constituents comprise of stocks which are subject to both values of circuit breakers</del></p>	<p>Since marketable lot is proposed to be changed to 1 for all shares in Ready Market and GEM, therefore, 'Odd Lots Market' will consequentially cease to exist, therefore, clause relating to circuit breaker of OLM is also proposed to be deleted.</p>

NTS APPROVED REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
i.e. Rs. 2/- and percentage based circuit breaker, the circuit breaker of such ETF shall be applied as the weighted average circuit breaker applicable on underlying constituents for the day.	<del>i.e. Rs. 2/- and percentage based circuit breaker, the circuit breaker of such ETF shall be applied as the weighted average circuit breaker applicable on underlying constituents for the day.</del>	
<b><u>New Insertion</u></b>	<b><u>Note: The calculated price for circuit breakers shall be rounded to the nearest tick.</u></b>	To provide clarity with respect to rounding off of calculated circuit breaker price to the nearest tick (i.e. 2 decimal places). The system already rounds off the calculated price to two decimal places.

Chapter 24: CENTRALIZED CUSTOMERS PROTECTION COMPENSATION FUND (CCPF) REGULATIONS					
Schedule-I					
LEVY COLLECTED FROM SECURITIES BROKERS AS CONTRIBUTION TO THE CCPF					
Market Name	Rate in Rupee	Basis	Mode	Collection Date	
Ready Market Trade	0.05	Per Rs100,000/- value	Through Payment Order	On Every Settlement Day	Since marketable lot is proposed to be changed to 1 for all shares in Ready Market and GEM, therefore, 'Odd Lots Market' will consequentially cease to exist, therefore, all references of OLM are proposed to be deleted.
<del>Odd Lots Market Trade</del>	<del>0.05</del>				
Provided that with effect from April 17, 2024 or such other date as specified by SECP, or in the case of balance of Customer Compensation Fund falling below the amount specified by the SECP, whichever comes first, the following shall be applicable:					
Market Name	Rate in Rupee	Basis	Mode	Collection Date	
Ready Market Trade	0.67084	Per Rs100,000/- value	Through Payment Order	On Every Settlement Day	
<del>Odd Lots Market Trade</del>	<del>0.93809</del>				

**SCHEDULE OF CHARGES (as prescribed under PSX Regulation 3.4)**

**SCHEDULE FOR TRADING FEE**

Market Name	Rate in Rupees	Basis	Mode	Collection Date
Ready Market Trade	3.50	Rs. 100,000/- value trade	Through Payment Order	On Every Settlement Day
<del>Odd Lots Market Trade</del>	<del>3.50</del>			

Same as above.

**SCHEDULE FOR GOVERNMENT TAXES AND LEVIES**

Market Name	Rate in %age		Rate in %age		SECP Levy	Basis	Mode	Collection
	CVT	Basis	Adv. Tax	Basis				
Ready Market Trade	0.00%	On Purchase Value	0.00%	On Purchase and Sale Value in lieu of Brokerage Commission	0.00065%	Per Rs. 100,000/-	Through Payment Order	On Every Settlement Day
<del>Odd Lots Market Trade</del>								

Same as above.

**SCHEDULE FOR REGULATORY FEE**

Market Name	Rate in Rupee	Basis	Mode	Collection Date
Ready Market Trade	0.62084	Per Rs100,000/- value	Through Payment Order	On Every Settlement Day
<del>Odd Lots Market Trade</del>	<del>0.88809</del>			

Same as above.

**“ANNEXURE B”**

**PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO EXCLUSION OF VALUE OF SECURITIES HELD BY THE CEO, DIRECTORS, SPONSORS AND SUBSTANTIAL SHAREHOLDERS OF A SECURITIES BROKER FOR DETERMINING BMC**

PROPOSED AMENDMENTS TO SCHEDULE-I OF CHAPTER 19		RATIONALE																																									
<b>SCHEDULE-I</b> <b>[SEE REGULATION 19.2]</b>  <b>BASE MINIMUM CAPITAL (BMC) TO BE MAINTAINED BY A SECURITIES BROKER</b>																																											
<b>Required value of Base Minimum Capital:</b>																																											
<p>(1) Every ‘Trading Only Securities Broker’ shall maintain an amount of PKR 5 million as BMC with the Exchange in any of the forms of collaterals mentioned in <b>Table B</b> below.</p> <p>(2) Every ‘Trading Only Securities Broker’ keeping custody for its proprietary and directors, sponsors, and their relatives, ‘Trading and Self-Clearing Broker’ and ‘Trading and Clearing Broker’ shall maintain BMC as per the slabs mentioned in <b>Table A</b> below with the Exchange <del>which shall be determined based on the Assets Under Custody (AUC) which is same as the Custody Position held under its Participant Account with CDC:</del></p>		<p>This part has been moved below as point (3) without any change.</p> <p>Considering that exceptions to AUC have been mentioned in point (3) and (4) below, therefore, the word ‘Client’ is proposed to be deleted.</p>																																									
<p><b>Table A</b></p> <table border="1"> <thead> <tr> <th align="center" colspan="2">Clients’ AUC (in PKR)</th> <th align="center">Required Amount of BMC (in PKR)</th> </tr> <tr> <th align="center">From</th> <th align="center">To</th> <th></th> </tr> </thead> <tbody> <tr> <td align="center">0</td> <td align="center">25,000,000</td> <td align="center">8,000,000</td> </tr> <tr> <td align="center">25,000,001</td> <td align="center">50,000,000</td> <td align="center">8,000,000 + 10% of excess over 25,000,001</td> </tr> <tr> <td align="center">50,000,001</td> <td align="center">100,000,000</td> <td align="center">10,500,000 + 5% of excess over 50,000,001</td> </tr> <tr> <td align="center">100,000,001</td> <td align="center">200,000,000</td> <td align="center">13,000,000 + 3% of excess over 100,000,001</td> </tr> <tr> <td align="center">200,000,001</td> <td align="center">400,000,000</td> <td align="center">16,000,000 + 1.5% of excess over 200,000,001</td> </tr> <tr> <td align="center">400,000,001</td> <td align="center">800,000,000</td> <td align="center">19,000,000 + 0.75% of excess over 400,000,001</td> </tr> <tr> <td align="center">800,000,001</td> <td align="center">1,600,000,000</td> <td align="center">22,000,000 + 0.375% of excess over 800,000,001</td> </tr> <tr> <td align="center">1,600,000,001</td> <td align="center">3,200,000,000</td> <td align="center">25,000,000 + 0.1875 of excess over 1,600,000,001</td> </tr> <tr> <td align="center">3,200,000,001</td> <td align="center">6,400,000,000</td> <td align="center">28,000,000 + 0.0937% of excess over 3,200,000,001</td> </tr> <tr> <td align="center">6,400,000,001</td> <td align="center">10,000,000,000</td> <td align="center">31,000,000 + 0.0833% of excess over 6,400,000,001</td> </tr> <tr> <td align="center">10,000,000,001</td> <td align="center">25,000,000,000</td> <td align="center">34,000,000 + 0.02% of excess over 10,000,000,001</td> </tr> <tr> <td align="center" colspan="2">Over 25,000,000,000</td> <td align="center">37,000,000 + 0.014% of excess over 25,000,000,001</td> </tr> </tbody> </table>			Clients’ AUC (in PKR)		Required Amount of BMC (in PKR)	From	To		0	25,000,000	8,000,000	25,000,001	50,000,000	8,000,000 + 10% of excess over 25,000,001	50,000,001	100,000,000	10,500,000 + 5% of excess over 50,000,001	100,000,001	200,000,000	13,000,000 + 3% of excess over 100,000,001	200,000,001	400,000,000	16,000,000 + 1.5% of excess over 200,000,001	400,000,001	800,000,000	19,000,000 + 0.75% of excess over 400,000,001	800,000,001	1,600,000,000	22,000,000 + 0.375% of excess over 800,000,001	1,600,000,001	3,200,000,000	25,000,000 + 0.1875 of excess over 1,600,000,001	3,200,000,001	6,400,000,000	28,000,000 + 0.0937% of excess over 3,200,000,001	6,400,000,001	10,000,000,000	31,000,000 + 0.0833% of excess over 6,400,000,001	10,000,000,001	25,000,000,000	34,000,000 + 0.02% of excess over 10,000,000,001	Over 25,000,000,000	
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PROPOSED AMENDMENTS TO SCHEDULE-I OF CHAPTER 19	RATIONALE
<p><b><u>(3) BMC, as mentioned above, shall be determined based on the Assets Under Custody (AUC) which is same as the Custody Position held under its Participant Account with CDC, excluding the value of securities held in the House Account.</u></b></p> <p><b><u>(4) The Securities Broker may submit an undertaking, in writing, to the Exchange to not include value of securities held by any or all of the following persons for the purpose of determining BMC:</u></b></p> <ul style="list-style-type: none"> <li><b><u>(i) CEO of Securities Broker;</u></b></li> <li><b><u>(ii) Directors of Securities Broker;</u></b></li> <li><b><u>(iii) Sponsors of Securities Broker;</u></b></li> <li><b><u>(iv) Any other person who holds at least 10% shares of such Securities Broker as a substantial shareholder; or</u></b></li> <li><b><u>(v) Any other category as may be allowed by the Exchange with the approval of the Commission.</u></b></li> </ul> <p><b><u>Provided that where the Securities Broker provides the undertaking, then the claims of above person(s) shall not be admissible in case of default of concerned Securities Broker. Such undertaking shall be agreed and duly signed by each person(s) and the concerned Securities Broker.</u></b></p> <p><b><u>(45) <del>Provided that the</del> The above AUC slabs shall not exceed the Maximum Custody Limits allowed to a Securities Broker under the Securities Brokers (Licensing and Operations) Regulations, 2016 in terms of the Capital Adequacy Level of such Securities Broker as provided by the CDC in its Regulations. The terms, ‘Custody Position’, ‘Maximum Custody Limit’ and ‘Capital Adequacy Level’ shall have the same meanings as ascribed thereto under the CDC Regulations.</u></b></p>	<p>It is proposed to allow Securities Broker to exclude the value of securities held in the accounts of these categories from the AUC.</p> <p>Where such categories opt for exclusion, then their claims will not be admitted by PSX if the concerned Broker defaults.</p>
<b>Forms of BMC:</b>	
<p>The Securities Broker may maintain the BMC in any one or more of the following forms of collaterals mentioned in Table B below in order to meet the required value of BMC:</p>	
<b>Table B</b>	
<b>S.#</b>	<b>Form</b>
1	Cash.
2	Bank Guarantee.
3	Margin Eligible Securities, which include Treasury Bills (T-Bills) and Pakistan Investment Bonds (PIBs), after applying Haircut as prescribed by NCCPL from time to time.
4	Electronic units of CDC eligible Open-End Funds categorized as Money Market Schemes to be valued as per the methodology and after applying haircut specified by the NCCPL from time to time.
5	Shares of the Exchange pledged in favour of the Exchange.

PROPOSED AMENDMENTS TO SCHEDULE-I OF CHAPTER 19		RATIONALE
6	<p>Shares of the Exchange and/ or Excess Margin Eligible Securities available in the respective Sub-Account(s) of the relevant Securities Broker's:</p> <p>(i) Directors; (ii) Chief Executive Officer; or (iii) any other individual who holds at least 10% shares of such Securities Broker.</p> <p><b>NOTE:</b> The individuals mentioned in 6(i), (ii) and (iii) above shall be referred to as "Pledgor" in this SCHEDULE and FORM-I attached thereto.</p>	
7	<p>Shares of surviving entities of Lahore Stock Exchange (LSE) and/or Islamabad Stock Exchange (ISE) pursuant to the Scheme of Integration approved by the Commission, maximum up to 100% of shares allotted to an initial shareholder of respective entity.</p>	
<b>Notes:</b>		
<ol style="list-style-type: none"> <li>In case the BMC is maintained in the form 7, or in the form of equivalent value of any one or more of other forms of collateral as mentioned above, by a TRE Certificate Holder inducted by the Exchange pursuant to the Scheme of Integration approved by the Commission and the combined value of these forms of collateral is insufficient to meet the required value of BMC, respective TRE Certificate Holder shall provide/arrange additional Cash and /or Bank Guarantee or Margin Eligible Securities including bank guarantee from the trust funds as provided in the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012.</li> <li>For the purpose of form 6 mentioned above, the Pledgor shall authorize the Securities Broker in writing as specified in FORM-I, specifying the number of shares and time duration, if any, for utilizing shares of the Exchange and excess Margin Eligible Securities available in their respective Sub-Account(s) for meeting the BMC requirement of such Securities Broker.</li> <li>The Exchange shall pass on profit to Securities Broker on the cash amount deposited with the Exchange against BMC at the rate paid by the respective bank(s) after retaining service charge as notified by the Exchange from time to time.</li> </ol>		
<b>Review and Updation of BMC</b>		
<ol style="list-style-type: none"> <li>The Exchange shall determine the required Value of BMC for each Securities Broker on the first working day of every month on the basis of Client's AUC of such Securities Broker as of the last working day of the preceding month.</li> <li>The Securities Broker shall be required to fulfill any shortfall in the BMC within next five (5) working days of the issue of notice by the Exchange.</li> </ol>		



PROPOSED AMENDMENTS TO SCHEDULE-I OF CHAPTER 19	RATIONALE
<p data-bbox="215 268 1019 300"><b>Valuation of collateral forming part of BMC (Interim Review)</b></p> <p data-bbox="215 338 1224 405">1. Mark-to-Market value of the Margin Eligible Securities and shares of the Exchange shall be conducted on daily basis.</p> <p data-bbox="272 443 1224 510">Provided that the shares of Exchange shall be valued at break-up or market price, whichever is higher, subject to application of a fixed haircut of 30%.</p> <p data-bbox="215 548 1224 783">2. Value of the shares of the surviving entities of LSE and ISE shall be lower of the last transaction price or break-up value determined semi-annually based on break-up value per share as per half-yearly reviewed and annual audited financial statements of the surviving entities after applying 30% haircut on such break-up value. However, where the last transaction price is older than six months, then the break-up value as mentioned above shall be considered subject to higher haircut of 50%.</p> <p data-bbox="215 821 1143 888">The Exchange shall also disseminate the information pertaining to point 2 above to the market participants.</p> <p data-bbox="215 926 1224 1129">Provided that in case value of collateral deposited by a Securities Broker to meet its BMC requirement falls below its required value at trading day end, the Exchange shall require such Securities Broker to deposit the shortfall in any of the forms as mentioned above within one trading day, failing which the Exchange shall restrict/suspend trading rights of such Securities Broker till the time the Securities Broker fulfills its BMC requirement.</p> <p data-bbox="215 1167 954 1234"><b>Utilization of BMC in the event of default by a Broker or cancellation/forfeiture of its TRE Certificate:</b></p> <p data-bbox="215 1272 1224 1476">In case of declaration of a Securities Broker as defaulter or cancellation/forfeiture of its TRE Certificate under the applicable regulations of the Exchange, the Exchange shall utilize the proceeds of collaterals deposited to meet BMC requirement in accordance with the applicable regulations of the Exchange and in terms of the letter of pledge/undertaking/lien mark, where applicable.</p>	

**“ANNEXURE C”**

**PROPOSED AMENDMENTS TO PSX REGULATIONS PURSUANT TO INTRODUCTION OF NEW CATEGORY OF “ONLINE ONLY SECURITIES BROKER”**

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<b>Chapter 2: INTERPRETATION AND DEFINITIONS</b>		
<p><b>2.4. GENERAL DEFINITIONS:</b></p> <p style="text-align: center;"><u><a href="#">New Insertion</a></u></p>	<p><b>2.4. GENERAL DEFINITIONS:</b></p> <p><u><a href="#">Ixx.A. ONLINE ONLY SECURITIES BROKER</a></u></p> <p><u><a href="#">Shall mean a Securities Broker categorized as Online Only and licensed under the Securities Brokers (Licensing and Operations) Regulations, 2016 framed by the Commission and as amended from time to time.</a></u></p> <p><u><a href="#">Provided that Online Only Securities Broker shall be allowed to trade in Ready Delivery Contract Market and Deliverable Futures Contract Market.</a></u></p> <p><u><a href="#">Provided further that the regulations applicable on Trading Only Securities Broker category shall also be applicable on Online Only Securities Broker, except where specifically mentioned by the Commission and in these Regulations.</a></u></p>	<p>Definition of Online Only Brokers is proposed to be inserted here which is primarily linked with the definition given in Broker Licensing Regulations.</p> <p>Online Only brokers shall only be allowed to trade in Ready and DFC Markets.</p> <p>All the requirements of these Regulations which are applicable on TO Brokers are also be applicable on Online Only Brokers, therefore, this proviso is proposed to be inserted.</p>
<b>Chapter 3: PAKISTAN STOCK EXCHANGE LIMITED</b>		
<p><b>3.14. EXCHANGE’S POWER TO IMPOSE RESTRICTIONS ON OR SUSPEND A TRADING ONLY</b></p>	<p><b>3.14. EXCHANGE’S POWER TO IMPOSE RESTRICTIONS ON OR SUSPEND A TRADING ONLY</b></p>	

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p><b>SECURITIES BROKER CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON OR SUSPENSION OF SUCH SECURITIES BROKER BY PCM OR TRADING AND CLEARING SECURITIES BROKER:</b></p> <p>3.14.1. In case PCM or Trading and Clearing Securities Broker notifies to the Exchange regarding imposition of restriction on or suspension of agreement with a Trading Only Securities Broker, the Exchange may take consequential restrictive actions against or suspend such Trading Only Securities Broker.</p> <p>3.14.2. Upon removal of restriction on or suspension of such Trading Only Securities Broker and receipt of notice confirming the same from PCM or Trading and Clearing Securities Broker, as the case may be, the Exchange shall remove consequential restriction imposed on or suspension of such Trading Only Securities Broker.</p>	<p><b>SECURITIES BROKER <u>OR ONLINE ONLY SECURITIES BROKER(S)</u> CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON OR SUSPENSION OF SUCH SECURITIES BROKER BY PCM OR TRADING AND CLEARING SECURITIES BROKER:</b></p> <p>3.14.1. In case PCM or Trading and Clearing Securities Broker notifies to the Exchange regarding imposition of restriction on or suspension of agreement with a Trading Only Securities Broker <u>or Online Only Securities Broker</u>, the Exchange may take consequential restrictive actions against or suspend such Trading Only Securities Broker <u>or Online Only Securities Broker</u>.</p> <p>3.14.2. Upon removal of restriction on or suspension of such Trading Only Securities Broker <u>or Online Only Securities Broker</u>, and receipt of notice confirming the same from PCM or Trading and Clearing Securities Broker, as the case may be, the Exchange shall remove consequential restriction imposed on or suspension of such Trading Only Securities Broker <u>or Online Only Securities Broker</u>.</p>	<p>Online Only Broker shall operate as a sub-category of TO broker, therefore, necessary amendments have been proposed.</p>
<p><b>3.15. EXCHANGE'S POWER TO TAKE APPROPRIATE ACTION AGAINST RELEVANT TRADING ONLY SECURITIES BROKER(S) CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON OR SUSPENSION OF PCM OR TRADING AND CLEARING SECURITIES BROKER BY CDC AS ITS PARTICIPANT:</b></p> <p>3.15.1. In case CDC notifies to the Exchange regarding imposition of restriction on or suspension of PCM or Trading and Clearing Securities Broker as its Participant, the Exchange</p>	<p><b>3.15. EXCHANGE'S POWER TO TAKE APPROPRIATE ACTION AGAINST RELEVANT TRADING ONLY SECURITIES BROKER(S) <u>OR ONLINE ONLY SECURITIES BROKER(S)</u> CONSEQUENT UPON IMPOSITION OF RESTRICTIONS ON OR SUSPENSION OF PCM OR TRADING AND CLEARING SECURITIES BROKER BY CDC AS ITS PARTICIPANT:</b></p> <p>3.15.1. In case CDC notifies to the Exchange regarding imposition of restriction on or suspension of PCM or Trading and Clearing Securities Broker as its Participant, the Exchange</p>	

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>may initiate appropriate consequential action(s) against the relevant Trading Only Securities Broker(s) which have signed agreement with such PCM or Trading and Clearing Securities Broker for providing custodial, clearing and settlement services.</p> <p>3.15.2. Upon removal of restriction on or suspension of PCM or Trading and Clearing Securities Broker by CDC and receipt of notice from CDC in this regard, the Exchange shall remove consequential action initiated against the relevant Trading Only Securities Broker(s).</p>	<p>may initiate appropriate consequential action(s) against the relevant Trading Only Securities Broker(s) <u>or Online Only Securities Broker(s)</u> which have signed agreement with such PCM or Trading and Clearing Securities Broker for providing custodial, clearing and settlement services.</p> <p>3.15.2. Upon removal of restriction on or suspension of PCM or Trading and Clearing Securities Broker by CDC and receipt of notice from CDC in this regard, the Exchange shall remove consequential action initiated against the relevant Trading Only Securities Broker(s) <u>or Online Only Securities Broker(s)</u>.</p>	
<b>Chapter 4: TRADING RIGHTS ENTITLEMENT (TRE) CERTIFICATE</b>		
<p><b>4.4. APPLICATION TO THE EXCHANGE AND ELIGIBILITY CRITERIA FOR OBTAINING TRE CERTIFICATE:</b></p> <p>Any person desirous of obtaining a TRE Certificate shall submit a duly signed application in writing to the Exchange in such form and accompanied by such documents as may be prescribed by the Exchange from time to time, subject to approval by the Commission. The applicant must meet the following eligibility criteria for obtaining TRE Certificate:</p> <p>4.4.1. The applicant must be a public or a private company, other than a Single Member Company, as defined in the Companies Act;</p> <p style="text-align: center;"><u><b>New Insertion</b></u></p>	<p><b>4.4. APPLICATION TO THE EXCHANGE AND ELIGIBILITY CRITERIA FOR OBTAINING TRE CERTIFICATE:</b></p> <p>Any person desirous of obtaining a TRE Certificate shall submit a duly signed application in writing to the Exchange in such form and accompanied by such documents as may be prescribed by the Exchange from time to time, subject to approval by the Commission. The applicant must meet the following eligibility criteria for obtaining TRE Certificate:</p> <p>4.4.1. The applicant must be a public or a private company, other than a Single Member Company, as defined in the Companies Act;</p> <p style="text-align: center;"><u><b>Provided that the applicant desirous of obtaining a TRE Certificate for the category of Online Only Securities Brokers may be a Single Member Company.</b></u></p>	<p>To encourage new participants to commence brokerage business at lower</p>

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p style="text-align: center;"><u><a href="#">New Insertion</a></u></p>	<p><u><a href="#">4.4.8. Any category of Securities Brokers may convert its license to a different category subject to compliance with the applicable requirements.</a></u></p>	<p>preliminary infrastructure and operational costs, by using electronic means only, SMCs can also apply for the licence of Online Only Brokers.</p> <p>To clarify that a category may be converted into another.</p>
<p><b>4.5. TRANSFER OF TRE CERTIFICATE:</b></p> <p>4.5.7. Upon receipt of an application for transfer, the Exchange may invite objections and claims and for such purpose, the following procedure shall be adopted:</p> <p>(a) IN CASE OF A TRE CERTIFICATE HOLDER WHO HAS BEEN INACTIVE FOR LAST 24 MONTHS FROM THE DATE OF APPLICATION:</p> <p>The notice period for inviting objections/claims from all the concerned persons shall be 30 days after the issuance of notice.</p> <p>(b) IN CASE OF ACTIVE TRE CERTIFICATE HOLDER:</p> <p>The notice period for inviting objections/claims from all the concerned persons shall be 30 days for Trading Only Securities Broker and 90 days for other categories of Securities Brokers after the issue of notice.</p>	<p><b>4.5. TRANSFER OF TRE CERTIFICATE:</b></p> <p style="text-align: center;">No Change</p> <p style="text-align: center;">No Change</p> <p style="text-align: center;">No Change</p> <p>(b) IN CASE OF ACTIVE TRE CERTIFICATE HOLDER:</p> <p>The notice period for inviting objections/claims from all the concerned persons shall be 30 days for Trading Only Securities Broker <u><a href="#">and Online Only Securities Broker(s)</a></u> and 90 days for other categories of Securities Brokers after the issue of notice.</p>	<p>Online Only Broker shall operate as a sub-category of</p>

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>Provided that each outgoing TRE Certificate Holder shall continue to be liable for any claims received after the abovementioned notice periods and shall give an undertaking to that effect to the Exchange.</p> <p>4.5.8. In case the outgoing TRE Certificate Holder is a Participant of CDC and Clearing Member of NCCPL, it shall be required to notify the CDC and NCCPL about its application made to the Exchange for transfer of TRE Certificate and shall also submit to the Exchange, NOC of CDC and NCCPL in this regard.</p> <p>Provided that if the transferor is a Trading Only Securities Broker, it shall notify PCM or Trading and Clearing Securities Broker, as the case may be, about its application made to the Exchange for transfer of TRE Certificate and shall also submit to the Exchange the NOC of PCM or Trading and Clearing Securities Broker, as the case may be.</p>	<p>No Change</p> <p>No Change</p> <p>Provided that if the transferor is a Trading Only Securities Broker <u>or Online Only Securities Broker</u>, it shall notify PCM or Trading and Clearing Securities Broker, as the case may be, about its application made to the Exchange for transfer of TRE Certificate and shall also submit to the Exchange the NOC of PCM or Trading and Clearing Securities Broker, as the case may be.</p>	<p>TO broker, therefore, necessary amendments have been proposed in this clause.</p> <p>Same as above.</p>
<p><b>4.9. RELINQUISHMENT/ SURRENDER AS A TRE CERTIFICATE HOLDER:</b></p> <p>4.9.1. A TRE Certificate Holder may after giving one month's notice to the Exchange voluntarily surrender its TRE Certificate and seek its removal as a TRE Certificate Holder from the Exchange. However, the Exchange may only accept a TRE Certificate Holder's voluntary removal from the Exchange after all its liabilities are satisfied and there are no claims whatsoever against it in respect of any money owed by it to any other Securities Broker, PCM or the Investors. The Exchange shall invite claims from Investors and other TRE Certificate</p>	<p><b>4.9. RELINQUISHMENT/ SURRENDER AS A TRE CERTIFICATE HOLDER:</b></p> <p>4.9.1. A TRE Certificate Holder may after giving one month's notice to the Exchange voluntarily surrender its TRE Certificate and seek its removal as a TRE Certificate Holder from the Exchange. However, the Exchange may only accept a TRE Certificate Holder's voluntary removal from the Exchange after all its liabilities are satisfied and there are no claims whatsoever against it in respect of any money owed by it to any other Securities Broker, PCM or the Investors. The Exchange shall invite claims from Investors and other TRE Certificate</p>	

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>Holders and give 30 days in case of Trading Only Securities Brokers and 90 days in case of other categories of Securities Brokers for submitting claims. Provided that in the case of an inactive TRE Certificate Holder, as described in Regulation 4.5.7. (a), the notice period shall be 30 days.</p> <p>Provided further that in case of an active TRE Certificate Holder opting for voluntary surrender of TRE Certificate, such TRE Certificate Holder shall also submit a Bank Guarantee or a guarantee by one of the existing TRE Certificate Holders of the Exchange, or any equivalent security in a manner as may be acceptable by the Exchange to the extent of an amount prescribed by the Exchange with the approval of the Commission and valid for a period of two years from the date of surrender of TRE Certificate in order to enable the Exchange to settle all valid claims if received after the surrender of TRE Certificate. Provided that such TRE Certificate Holder shall remain liable for any claims received after the notice periods specified in Regulation 4.5.7 and shall give an undertaking to that effect to the Exchange.</p>	<p>Holders and give 30 days in case of Trading Only Securities Brokers <u>and Online Only Securities Broker</u> and 90 days in case of other categories of Securities Brokers for submitting claims. Provided that in the case of an inactive TRE Certificate Holder, as described in Regulation 4.5.7. (a), the notice period shall be 30 days.</p> <p style="text-align: center;">No Change</p>	<p>Same as above.</p>
<p><b>4.17. SEGREGATION OF CLIENTS' ASSETS BY THE SECURITIES BROKERS:</b></p> <p>4.17.1. The Securities Brokers shall ensure that the assets belonging to their clients are kept separated from the assets of the Securities Broker. For this purpose, the Securities Broker:</p> <p>Provided that in case of Trading Only Securities Broker that have entered into an agreement with PCM for availing custodial and clearing services, the requirements relating to</p>	<p><b>4.17. SEGREGATION OF CLIENTS' ASSETS BY THE SECURITIES BROKERS:</b></p> <p>4.17.1. The Securities Brokers shall ensure that the assets belonging to their clients are kept separated from the assets of the Securities Broker. For this purpose, the Securities Broker:</p> <p>Provided that in case of Trading Only Securities Broker <u>and Online Only Securities Broker</u> that have entered into an agreement with PCM for availing custodial and clearing</p>	<p>Clients' asset segregation requirement shall not be applicable on</p>

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>establishment of Collateral Account and all other related matters including transfer of securities to and from the Collateral Account shall be handled in accordance with procedures framed by CDC for this purpose.</p> <p>Provided that the requirements of this clause shall not apply to a Trading Only Securities Broker which maintains custody of assets of its all customers including its sponsors, directors and their Close Relatives with PCM or Trading and Clearing Securities Broker.</p>	<p>services, the requirements relating to establishment of Collateral Account and all other related matters including transfer of securities to and from the Collateral Account shall be handled in accordance with procedures framed by CDC for this purpose.</p> <p>Provided that the requirements of this clause shall not apply to a Trading Only Securities Broker <b>and Online Only Securities Broker</b> which maintains custody of assets of its all customers including its sponsors, directors and their Close Relatives with PCM or Trading and Clearing Securities Broker.</p>	<p>Online Only Broker, being a sub-category of TO broker, therefore, necessary amendments have been proposed in this clause.</p>
<p>4.17.2. Except as permitted above, the clients' funds and securities shall not be used by the Securities Broker for any purpose other than as authorized by the client in writing in the manner and procedure prescribed by the Exchange, NCCPL and/or CDC. The Securities Broker shall be obliged to maintain and furnish documentary evidence to substantiate the compliance with the above regulations as and when required by the Exchange.</p>	<p>No Change</p>	
<p>4.17.3. On the basis of documents mentioned under sub-clause 4.17.1 (c), the Exchange shall determine if the requisite documents substantiate the transfer of client's securities by the Securities Broker and shall maintain a database of such transfers. Exchange may also carryout enquiry and/or special audit in relation to non-compliance with this regulation.</p>	<p>No Change</p>	
<p>4.17.4. The Securities Broker, excluding Trading Only Securities Broker mentioned in proviso to regulation 4.17.1, shall submit to the Exchange "Clients' Assets Segregation Statement" as per format prescribed by the Exchange within fifteen (15) days of the end of the latest fortnight.</p>	<p>4.17.4. The Securities Broker, excluding Trading Only Securities Broker <b>and Online Only Securities Broker</b> mentioned in proviso to regulation 4.17.1, shall submit to the Exchange "Clients' Assets Segregation Statement" as per format prescribed</p>	<p>Same as above.</p>



EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
	by the Exchange within fifteen (15) days of the end of the latest fortnight.	
<p>4.17.5. The Securities Broker, excluding Trading Only Securities Broker mentioned in proviso to regulation 4.17.1, within forty five (45) days of the close of its financial year shall submit an annual “Clients’ Assets Segregation Statement”, duly verified by its statutory auditor.</p> <p>Provided that the requirements contained in Clauses 4.17.4 and 4.17.5 shall be fulfilled by PCM or Trading and Clearing Securities Broker, as the case may be, in case the Trading Only Securities Broker maintains custody of assets of its all customers including its sponsors, directors and their Close Relatives with PCM or Trading and Clearing Securities Broker.</p> <p>Explanation: Close Relatives shall have the same meaning as defined in the Securities Brokers (Licensing and Operations) Regulations, 2016.</p>	<p>4.17.5. The Securities Broker, excluding Trading Only Securities Broker <u>and Online Only Securities Broker</u> mentioned in proviso to regulation 4.17.1, within forty five (45) days of the close of its financial year shall submit an annual “Clients’ Assets Segregation Statement”, duly verified by its statutory auditor.</p> <p>Provided that the requirements contained in Clauses 4.17.4 and 4.17.5 shall be fulfilled by PCM or Trading and Clearing Securities Broker, as the case may be, in case the Trading Only Securities Broker <u>and Online Only Securities Broker</u> maintains custody of assets of its all customers including its sponsors, directors and their Close Relatives with PCM or Trading and Clearing Securities Broker.</p> <p>No Change</p>	<p>Same as above.</p> <p>Same as above.</p>
<p><b>4.22. STATUTORY AUDIT OF THE SECURITIES BROKERS:</b></p> <p>All Securities Brokers shall have their statutory audit conducted by an auditor enlisted within Category ‘A’ or ‘B’ of the SBP’s Panel of Auditors.</p> <p>Provided that the requirement of Category ‘A’ or ‘B’ auditor under this clause shall not apply to a Trading Only Securities Broker which has transferred its custody and clearing functions completely including proprietary.</p>	<p><b>4.22. STATUTORY AUDIT OF THE SECURITIES BROKERS:</b></p> <p>All Securities Brokers shall have their statutory audit conducted by an auditor enlisted within Category ‘A’ or ‘B’ of the SBP’s Panel of Auditors.</p> <p>Provided that the requirement of Category ‘A’ or ‘B’ auditor under this clause shall not apply to a Trading Only Securities Broker which has transferred its custody and clearing functions completely including proprietary <u>and Online Only Securities Broker</u>.</p>	<p>Online Only Broker shall</p>

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p><b>4.23. RECEIPT / PAYMENT OF AMOUNT FROM / TO CUSTOMERS:</b></p> <p>4.23.1. The Securities Brokers or PCM as the case may be shall receive and make payments of Rs. 25,000/- and above from/to customers drawn on customer's own bank account, in the name of customers only in the manner as provided in the Terms and Conditions for Trading Account in CRF and Sahulat Form.</p> <p>4.23.2. The Trading Only Securities Broker shall not receive or make payment to its customers whose custody of securities is maintained with PCM or Trading and Clearing Securities Brokers and shall ensure that such customers receive or make payment only from/to PCM or Trading and Clearing Securities Brokers, as the case may be, either directly or through the Trading Only Securities Broker, in the same manner as specified in Clause 4.23.1.</p> <p>Provided that where payment is made from/to PCM or Trading and Clearing Securities Brokers, as the case may be, through the Trading Only Securities Broker, the Trading Only Securities Broker shall only facilitate the payment and shall not at any time receive any payment in its name or account.</p> <p>Provided that the Trading Only Securities Broker shall not accept or receive any cash, subject to such conditions as imposed under these Regulations, or electronic transfer of funds from customers on behalf of</p>	<p><b>4.23. RECEIPT / PAYMENT OF AMOUNT FROM / TO CUSTOMERS:</b></p> <p>4.23.1. The Securities Brokers or PCM as the case may be shall receive and make payments of Rs. 25,000/- and above from/to customers drawn on customer's own bank account, in the name of customers only in the manner as provided in the Terms and Conditions for Trading Account in CRF and Sahulat Form.</p> <p>4.23.2. The Trading Only Securities Broker <b>and Online Only Securities Broker</b> shall not receive or make payment to its customers whose custody of securities is maintained with PCM or Trading and Clearing Securities Brokers and shall ensure that such customers receive or make payment only from/to PCM or Trading and Clearing Securities Brokers, as the case may be, either directly or through the Trading Only Securities Broker <b>and Online Only Securities Broker</b>, in the same manner as specified in Clause 4.23.1.</p> <p>Provided that where payment is made from/to PCM or Trading and Clearing Securities Brokers, as the case may be, through the Trading Only Securities Broker <b>or Online Only Securities Broker</b>, the Trading Only Securities Broker <b>and Online Only Securities Broker</b> shall only facilitate the payment and shall not at any time receive any payment in its name or account.</p> <p>Provided that the Trading Only Securities Broker <b>and Online Only Securities Broker</b> shall not accept or receive any cash, subject to such conditions as imposed under these Regulations, or electronic transfer of funds from customers on behalf of</p>	<p>operate as a sub-category of TO broker, therefore, necessary amendments have been proposed in these clauses.</p> <p>Same as above.</p> <p>Same as above.</p> <p>Same as above.</p>

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
PCM or Trading and Clearing Securities Brokers.	PCM or Trading and Clearing Securities Brokers.	
<p><b>4.28. STANDARD RANGE/ SCALE OF BROKERAGE COMMISSION:</b></p>	<p><b>4.28. STANDARD RANGE/ SCALE OF BROKERAGE COMMISSION:</b></p>	
<p>The Securities Brokers shall charge and collect the brokerage commission from their customers upon the execution of orders for the purchase or sale on their accounts as per the standard range/ scale of brokerage commission prescribed in Annexure-III to this chapter.</p>	<p><b>4.28.1.</b> The Securities Brokers shall charge and collect the brokerage commission from their customers upon the execution of orders for the purchase or sale on their accounts as per the standard range/ scale of brokerage commission prescribed in Annexure-III to this chapter.</p>	
<p><u><a href="#">New Insertion</a></u></p>	<p><b><u>4.28.2. The Online Only Securities Brokers shall charge and collect brokerage commission from their customers at a lowered rate by reducing the range/ scale as prescribed in Annexure-III to this chapter by not more than fifty percent (50%).</u></b></p>	<p>To encourage onboarding of new clients, it is proposed to allow such category to charge and collect brokerage commission from their customers at a lowered rate, compared to other categories of brokers.</p>
<p><u><a href="#">New Insertion</a></u></p>	<p><b><u>4.28.3. Other categories of Securities Brokers may also charge lowered rate of brokerage commission, as mentioned in clause 4.28.2 above, only to the extent of new clients which are on-boarded through online means and to whom no other value-added services are provided.</u></b></p>	<p>To make onboarding of new clients more attractive for other categories as well, it is proposed that the other categories may also charge lowered rate of brokerage commission to clients which are on-boarded through online</p>
<p>NOTE: The aforesaid range/ scale of brokerage commission is prescribed by the Exchange after seeking the exemption from the application of Section 4 of the Competition Act, 2010 granted by the Competition Commission of Pakistan in pursuance of the powers conferred to it by</p>	<p>No Change</p>	

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
Section 5 read with Section 9 of the Competition Act, 2010.		means and to whom no other value-added services are provided.
<u>New Insertion</u>	<p><b><u>4.30. REQUIREMENTS RELATING TO ONLINE ONLY SECURITIES BROKER:</u></b></p> <p><b><u>4.30.1. Online Only Securities Broker:</u></b></p> <p>(a) <u>shall provide trading services to its clients through online mode only;</u></p> <p>(b) <u>shall comply with Chapter 9 of these Regulations governing Internet Trading Regulations in case it provides online trading facility through IBTS;</u></p> <p>(c) <u>may open Account Facilitation/ Customer Facilitation Center in accordance with Chapter 22A of these Regulations;</u></p> <p>(d) <u>shall maintain a functional and accessible website in accordance with such requirements as may be prescribed by the Commission or the Exchange from time to time;</u></p> <p>(e) <u>shall comply with the Securities Brokers (Licensing and Operations) Regulations, 2016, these Regulations and any other requirements as may be prescribed by the Commission and the Exchange from time to time.</u></p> <p><b><u>4.30.2. Online Only Securities Broker shall not:</u></b></p> <p>(a) <u>Engage in proprietary trading;</u></p>	The permitted and prohibited activities for Online Only Brokers have been consolidated in this clause for clarity purpose.

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
	<p>(b) <u>Settle executed trades and keep custody of securities and money of its customers;</u></p> <p>(c) <u>Have trading terminal(s) in any office;</u></p> <p>(d) <u>Open Branch Office in accordance with Chapter 22 of these Regulations; and</u></p> <p>(e) <u>Perform any other activity as restricted by the Commission or Exchange.</u></p> <p><u>4.30.3. Whenever any dispute arises between the Online Only Securities Brokers and its clients in connection with trading or advisory services and is not otherwise settled amicably, any party to the dispute may refer it to the Commission or Exchange for resolution through arbitration or mediation.</u></p> <p><u>Where the dispute is referred to the Exchange, the same shall be dealt with in accordance with the arbitration procedures as prescribed in these Regulations.</u></p>	<p>Considering that the mode of communication between the Online Only Broker and its clients is only online, therefore, a mechanism for dispute resolution in relation to trading or advisory services being given by Online Only Broker is proposed to be put in place in case.</p>
<p align="center"><b>Annexure-I</b></p> <p align="center"><b>CRF for Customers of Trading Only Securities Broker which shall maintain custody of securities with PCM or Trading and Clearing Securities Broker</b></p> <p align="center"><b>CUSTOMER RELATIONSHIP FORM FOR INDIVIDUALS</b></p> <p align="center"><b>CUSTOMER RELATIONSHIP FORM FOR COMPANY AND OTHER BODY CORPORATE</b></p>	<p align="center"><b>Annexure-I</b></p> <p align="center"><b>CRF for Customers of “Trading Only Securities Broker” and “Online Only Securities Broker” which shall maintain custody of securities with PCM or Trading and Clearing Securities Broker</b></p> <p align="center"><b>CUSTOMER RELATIONSHIP FORM FOR INDIVIDUALS</b></p> <p align="center"><b>CUSTOMER RELATIONSHIP FORM FOR COMPANY AND OTHER BODY CORPORATE</b></p>	

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<b>Chapter 9: INTERNET TRADING REGULATIONS</b>		
<p><b>9.3. ELIGIBILITY:</b></p> <p>The Securities Broker which fulfills the following minimum conditions, may apply for providing IBTS:</p> <p>(a) has minimum net worth of Rs. 25 million as per the latest audited financial statements;</p> <p style="text-align: center;"><u><b>New Insertion</b></u></p> <p>(b) has adequate infrastructure including functional website, internal control procedures and technological and human resources to facilitate the operations of IBTS in an effective and efficient manner on an ongoing basis;</p> <p>(c) has well-defined procedures for allowing clients' access to IBTS which shall inter-alia cover the following aspects:</p> <p>(i) agreement with the Securities Broker;</p> <p>(ii) assigning of trading limits;</p> <p>(iii) placement and execution of clients' orders;</p> <p>(iv) mode and timing of reporting of trade confirmation to the clients;</p> <p>(v) margin requirement (initial, maintenance and other applicable margins) and margin calls, as may be applicable depending upon the category of Securities Broker.</p> <p>The above procedures should be in writing and made available on the Securities Broker's website for easy access by the clients.</p>	<p><b>9.3. ELIGIBILITY:</b></p> <p>The Securities Broker which fulfills the following minimum conditions, may apply for providing IBTS:</p> <p>(a) has minimum net worth of Rs. 25 million as per the latest audited financial statements;</p> <p style="text-align: center;"><u><b>Provided that for Online Only Securities Broker, minimum net worth shall be PKR 7.5 million.</b></u></p> <p style="text-align: center;">No Change</p> <p style="text-align: center;">No Change</p>	<p>To encourage new participants to start Online Only brokerage business at lower preliminary infrastructure and costs, the minimum Net Worth requirement, for provision of IBTS, is proposed to be PKR 7.5 million.</p>

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<b>Chapter 19: RISK MANAGEMENT REGULATIONS</b>		
<p style="text-align: center;">Schedule-I [SEE REGULATION 19.2]</p> <p style="text-align: center;"><b>BASE MINIMUM CAPITAL (BMC) TO BE MAINTAINED BY A SECURITIES BROKER</b></p>	<p style="text-align: center;">Schedule-I [SEE REGULATION 19.2]</p> <p style="text-align: center;"><b>BASE MINIMUM CAPITAL (BMC) TO BE MAINTAINED BY A SECURITIES BROKER</b></p>	
<p><b>Required value of Base Minimum Capital:</b></p>	<p><b>Required value of Base Minimum Capital:</b></p>	
<p style="text-align: center;"><u><a href="#">New Insertion</a></u></p> <p>(1) Every 'Trading Only Securities Broker' shall maintain an amount of PKR 5 million as BMC with the Exchange in any of the forms of collaterals mentioned in Table B below.</p> <p>(2) Every 'Trading Only Securities Broker' keeping custody for its proprietary and directors, sponsors, and their relatives, 'Trading and Self-Clearing Broker' and 'Trading and Clearing Broker' shall maintain BMC as per the slabs mentioned in Table A below with the Exchange which shall be determined based on the Assets Under Custody (AUC) which is same as the Custody Position held under its Participant Account with CDC:</p>	<p><u>(1) Every 'Online Only Securities Broker' shall maintain an amount of PKR 1 Million as BMC with the Exchange in any forms of collaterals mentioned in Table B below.</u></p> <p><del>(2)</del> Every 'Trading Only Securities Broker' shall maintain an amount of PKR 5 million as BMC with the Exchange in any of the forms of collaterals mentioned in Table B below.</p> <p><del>(3)</del> Every 'Trading Only Securities Broker' keeping custody for its proprietary and directors, sponsors, and their relatives, 'Trading and Self-Clearing Broker' and 'Trading and Clearing Broker' shall maintain BMC as per the slabs mentioned in Table A below with the Exchange which shall be determined based on the Assets Under Custody (AUC) which is same as the Custody Position held under its Participant Account with CDC:</p>	<p>Considering that the Online Only Broker is a sub-category of TO Broker, it is proposed that flat amount of BMC of PKR 1 million be imposed on Online Only Broker.</p>
<b>Chapter 21: DEFAULT MANAGEMENT IN RESPECT OF TRE CERTIFICATE HOLDERS / BROKERS REGULATIONS</b>		
<p><b>21.2. SUSPENSION ON ACCOUNT OF SETTLEMENT FAILURE OR FAILURE TO PAY OTHER AMOUNTS:</b></p>	<p><b>21.2. SUSPENSION ON ACCOUNT OF SETTLEMENT FAILURE OR FAILURE TO PAY OTHER AMOUNTS:</b></p>	
<p>21.2.1. (b) Upon receiving of a notice from the Exchange under Clause 21.2.1(a):</p>	<p>21.2.1. (b) Upon receiving of a notice from the Exchange under Clause 21.2.1(a):</p>	

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>(i) the NCCPL shall also restrict or suspend such Securities Broker's access to the services offered by NCCPL under relevant NCCPL Regulations.</p> <p>(ii) PCM and/or the Trading and Clearing Securities Broker, as the case may be, shall also initiate consequential action, if any, against the concerned Trading Only Securities Broker.</p> <p>21.2.2. In case a Securities Broker is suspended by NCCPL as its Clearing Member in accordance with NCCPL Regulations or its agreement has been suspended by PCM or Trading and Clearing Securities Broker in case of Trading Only Securities Broker, and:</p>	<p>(i) the NCCPL shall also restrict or suspend such Securities Broker's access to the services offered by NCCPL under relevant NCCPL Regulations.</p> <p>(ii) PCM and/or the Trading and Clearing Securities Broker, as the case may be, shall also initiate consequential action, if any, against the concerned Trading Only Securities Broker <u>or Online Only Securities Broker</u>.</p> <p>21.2.2. In case a Securities Broker is suspended by NCCPL as its Clearing Member in accordance with NCCPL Regulations or its agreement has been suspended by PCM or Trading and Clearing Securities Broker in case of Trading Only Securities Broker <u>or Online Only Securities Broker</u>, and:</p>	<p>Online Only Broker shall operate as a sub-category of TO broker, therefore, necessary amendments have been proposed.</p>
<p><b>21.4. DECLARATION AS DEFAULTER:</b></p> <p>21.4.4. A Trading Only Securities Broker whose agreement with PCM or a Trading and Clearing Securities Broker has been cancelled or where the Commission cancels the license of PCM or Trading and Clearing Securities Broker, the concerned Trading Only Securities Broker shall be restricted or suspended, as the case may be, by the Exchange in the manner and to the extent as determined by the Exchange. The Exchange shall determine the reasons for cancellation of Trading Only Securities Broker's agreement with PCM or a Trading and Clearing Securities Broker, or cancellation of license of PCM or Trading and Clearing Securities Broker. On such determination, the Exchange may invite claims from customers of such Trading Only Securities Broker, give it time to enter into an agreement with</p>	<p><b>21.4. DECLARATION AS DEFAULTER:</b></p> <p>21.4.4. A Trading Only Securities Broker <u>or Online Only Securities Broker</u> whose agreement with PCM or a Trading and Clearing Securities Broker has been cancelled or where the Commission cancels the license of PCM or Trading and Clearing Securities Broker, the concerned Trading Only Securities Broker <u>or Online Only Securities Broker</u> shall be restricted or suspended, as the case may be, by the Exchange in the manner and to the extent as determined by the Exchange. The Exchange shall determine the reasons for cancellation of Trading Only Securities Broker's <u>or Online Only Securities Broker's</u> agreement with PCM or a Trading and Clearing Securities Broker, or cancellation of license of PCM or Trading and Clearing Securities Broker. On such determination, the Exchange may</p>	<p>Same as above.</p>



EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>other eligible person for availing custodial and clearing services for its customers within such timeframe as specified by the Exchange, declare it as a defaulter for the purpose of these Regulations, or take such other action as deemed appropriate by the Exchange.</p> <p>Provided that where a PCM is declared defaulter by NCCPL or it defaults on its obligations towards its customers and fails to settle such obligations within a reasonable time as determined by the Exchange, or a Trading and Clearing Securities Broker is declared defaulter, the Trading Only Securities Broker which has entered into an agreement with such PCM or Trading and Clearing Securities Broker shall be declared defaulter by the Exchange and required to enter into an agreement with other eligible person for availing such custodial and clearing services for its customers within such timeframe as specified by the Exchange. However, no other consequential actions shall be taken against the Trading Only Securities Broker under these Regulations unless it is determined by the Exchange that such Trading Only Securities Broker has caused or was part of causing the default on obligations towards customers. Where it is determined otherwise, the declaration of defaulter of the Trading Only Securities Broker shall be reverted once all customer claims are settled under these Regulations.</p>	<p>invite claims from customers of such Trading Only Securities Broker <u>or Online Only Securities Broker</u>, give it time to enter into an agreement with other eligible person for availing custodial and clearing services for its customers within such timeframe as specified by the Exchange, declare it as a defaulter for the purpose of these Regulations, or take such other action as deemed appropriate by the Exchange.</p> <p>Provided that where a PCM is declared defaulter by NCCPL or it defaults on its obligations towards its customers and fails to settle such obligations within a reasonable time as determined by the Exchange, or a Trading and Clearing Securities Broker is declared defaulter, the Trading Only Securities Broker <u>or Online Only Securities Broker</u> which has entered into an agreement with such PCM or Trading and Clearing Securities Broker, shall be declared defaulter by the Exchange and required to enter into an agreement with other eligible person for availing such custodial and clearing services for its customers within such timeframe as specified by the Exchange. However, no other consequential actions shall be taken against the Trading Only Securities Broker <u>or Online Only Securities Broker</u> under these Regulations unless it is determined by the Exchange that such Trading Only Securities Broker <u>or Online Only Securities Broker</u> has caused or was part of causing the default on obligations towards customers. Where it is determined otherwise, the declaration of defaulter of the Trading Only Securities Broker <u>or Online Only Securities Broker</u> shall be reverted once all customer claims are settled under these Regulations.</p>	<p>Same as above.</p>

EXISTING REGULATIONS	PROPOSED AMENDMENTS	RATIONALE
<p>Provided further that where a Trading Only Securities Broker has not caused or was not part of causing the default on obligations towards customers, assets of such Trading Only Securities Broker shall not be utilized towards settlement of customers' claims.</p> <p>Provided further that in case of any difficulty, the Exchange may determine any alternate manner and requirements for handling default of PCM, Trading and Clearing Securities Broker and Trading Only Securities Broker with prior approval of the Commission.</p>	<p>Provided further that where a Trading Only Securities Broker <u>or Online Only Securities Broker</u> has not caused or was not part of causing the default on obligations towards customers, assets of such Trading Only Securities Broker <u>or Online Only Securities Broker</u> shall not be utilized towards settlement of customers' claims.</p> <p>Provided further that in case of any difficulty, the Exchange may determine any alternate manner and requirements for handling default of PCM, Trading and Clearing Securities Broker, <del>and</del> Trading Only Securities Broker <u>or Online Only Securities Broker</u> with prior approval of the Commission.</p>	<p>Same as above.</p>

\*\*\*End of Proposed Amendments\*\*\*

## **“EXHIBIT A”**

### **1. KEY BENEFITS OF MIGRATION TO ONE SHARE LOT:**

Following are key benefits of migration to one share lot size for securities traded in Ready Market and GEM Board:

- a) Investors who previously trade in odd lots market, where share prices are traded at a discount, will now trade in the regular market.
- b) Investors, as well as securities brokers, will not be required to track frequent changes in marketable lot which would happen due to several ETF indices revisions/rebalancing.
- c) Migration will bring PSX closer to the practices adopted by the global stock exchanges, where trading unit is mostly of one share.
- d) A smaller lot size will make investments in high priced companies more affordable for retail investors and help them build more balanced investment portfolios. Investors who typically have small capital to invest can afford a wider range of stocks than is currently available.
- e) It is expected to attract more participation of individual investors, hence liquidity and trading volumes for the overall market may improve.
- f) Difference in price range between Ready and Odd Lots Market i.e. 7.5% and 10%, respectively, will also be removed.
- g) Investors and Securities Broker will be able to pledge securities against margins and BMC in odd numbers instead of standard marketable lot.

### **2. EXCHANGES HAVING ONE SHARE LOT:**

Following is the list of Exchanges where trading unit is 1 share:

- a) Bombay Stock Exchange, India
- b) Dhaka Stock Exchange, Bangladesh
- c) Colombo Stock Exchange, Sri Lanka
- d) Dubai Financial Market, UAE
- e) Qatar Stock Exchange, Qatar
- f) Saudi Stock Exchange, Saudi Arabia
- g) London Stock Exchange, The UK
- h) Australian Securities Exchange, Australia



**“EXHIBIT B”**

**GUIDELINES FOR SUBMISSION OF COMMENTS**

1. PSX invites the interested parties to provide their comments and views with specific reference to the subject matter of the proposed amendments to PSX Regulations notified in this Notice.
2. The comments can be submitted through any of the following modes:

<b>Email</b>	<a href="mailto:comments.rad@psx.com.pk">comments.rad@psx.com.pk</a>
<b>Mail</b>	The Chief Regulatory Officer, Regulatory Affairs Division, 2 <sup>nd</sup> Floor, Administration Building, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi – 74000.

3. At the time of submission of comments, respondent is advised to provide the information, as per **Table-A** below, so that PSX may contact him/her for clarification or deliberation on the comments, if needed. Anonymous responses may be disregarded by PSX.

**Table-A**

<b>TO BE FILED BY THE RESPONDENT</b>	
<b>Name of respondent</b>	
<b>Name of company (if applicable)</b>	
<b>Designation (if applicable)</b>	
<b>Contact Number</b>	
<b>Email Address</b>	

4. The respondent may request confidential treatment for his/ her identity and all or any part of comments due to their proprietary, confidential or commercial nature, by clearly marking the information in **Table-B** below:

**Table-B**

<b>DISCLOSURE OF IDENTITY AND COMMENTS</b>
Please check the box(es) if you wish to be remain confidential:  <input type="checkbox"/> I wish to have my identity remain confidential. <input type="checkbox"/> I wish to keep all or any part of my comments confidential.

If respondent wishes to keep any part(s) of comments confidential, then he/she is required to clearly specify such part(s) of comments.

5. To ensure quality and promote transparency, PSX will publish the relevant comments of respondents and its management’s response thereon in the form of a **Response Paper** on its website, within a reasonable timeframe, after close of public consultation session, unless the respondent has made a confidentiality request.



- 6.** Any policy or rule amendment may be subject to regulatory concurrence. For this purpose, respondents should note that notwithstanding any confidentiality request, PSX will share all their response(s) with the Securities and Exchange Commission of Pakistan (Apex Regulator).
- 7.** By submitting comments, respondents are deemed to have consented to the collection, use and disclosure of data that is provided to PSX, unless respondents wish to have their identity or comments remain confidential.