



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-163

July 09, 2024

NOTICE FOR MEMBERS

PROPOSED AMENDMENTS IN THE CDC REGULATIONS RELATING TO DEFAULTERS SEGMENT

Dear Members,

This is in reference to the notification Ref. No. CDC/C/N/04/2024 dated July 08, 2024 (attached), whereby the comments have been invited by the CDC:

In this regard, the members are hereby requested to kindly submit your comments, if any, at psamail024@gmail.com latest by **July 12, 2024**, so that a consolidated response is submitted to the authorities for their consideration.

_____sd
AKBER ALI
Officer - Secretariat

Copy to:

1. PSBA Website



**Central Depository Company
of Pakistan Limited**

Head Office: CDC House, 99-B,
Block 'B', S.M.C.H.S.,
Main Shakra-e-Faisal,
Karachi-74400

Ref. No. CDC/C/N/04/2024

July 08, 2024

Notification No. 04 of 2024

Sub: Proposed amendments in the CDC Regulations relating to Defaulters' Segment

To,
The General Public,

This is to bring to the notice of general public that the Board of Directors of CDC has approved the amendments in the CDC Regulations relating to Defaulters' Segment in consequent to amendments made in the PSX Regulations, subject to approval of the Securities and Exchange Commission of Pakistan under Section 35(1) of the Central Depositories Act, 1997 (XIX of 1997) read with Section 52(3) of the Securities Act, 2015 (III of 2015).

As required under Section 51(2) of the Securities Act, 2015 (III of 2015), such amendments are placed for public comments which may be submitted, in the manner as suggested in the "Guidelines for Submission of Comments", within 7 days of this Notification i.e. by **Monday, July 15, 2024**.

Regards,

Moheel Ali Khan
Officiating Chief Compliance Officer

The Director/ HOD (PRDD-SMD)
Securities and Exchange Commission of Pakistan
Islamabad

The Chief Executive Officer
National Clearing Company of Pakistan Limited
Karachi

The Chief Executive Officer
Pakistan Stock Exchange Limited
Karachi

All CDS Elements

Comparative Statement - Amendments in the CDC Regulations relating to Defaulters' Segment

S. #	Regulation #	Existing Regulations	Regulations Proposed by CDC	<i>Rational for changes</i>
1.	2.11.1	Defaulters' Segment in relation to the Securities of an Issuer listed on the Securities Exchange, shall have the meaning as ascribed thereto in the regulations of the Securities Exchange;	Defaulters' Non-Compliant Segment in relation to the Securities of an Issuer listed on the Securities Exchange, shall have the meaning as ascribed thereto in the regulations of the Securities Exchange;	<i>To sync the term with regulations of Securities Exchange.</i>
2.	2.11.1	Does not exist	<u>Winding-up Segment</u> <u>in relation to the Securities of an Issuer listed on the Securities Exchange, shall have the meaning as ascribed thereto in the regulations of the Securities Exchange;</u>	<i>To recognize the term in order to sync with the regulations of Securities Exchange.</i>
3.	5.3A	Placement of a listed company on the Defaulters' Segment	Placement of a listed company on the <u>Non-Compliant Defaulters' Segment or Winding-up Segment</u>	<i>To sync the term with the regulations of Securities Exchange.</i>
4.	5.3A.1	Where the Securities Exchange places any Securities (hereinafter in this Regulation 5.3A referred to as the "Relevant Securities") on the Defaulters' Segment due to any reason, then, CDC shall, upon receipt of a notice from the Securities Exchange to that effect, Freeze the Relevant Securities held in the Accounts, Sub-Accounts or, as the case may be, the Investor Accounts of sponsors, directors and senior management officers (hereinafter in this Regulation 5.3A shall be collectively referred to as the "Relevant Persons") of the Issuer on	Where the Securities Exchange places any Securities (hereinafter in this Regulation 5.3A referred to as the "Relevant Securities") on the <u>Non-Compliant Defaulters' Segment or Winding-up Segment</u> due to any reason, then, CDC shall, upon receipt of a notice <u>and instruction</u> from the Securities Exchange to that effect, Freeze the Relevant Securities held in the Accounts, Sub-Accounts or, as the case may be, the Investor Accounts of sponsors, directors and senior management officers (hereinafter in this Regulation 5.3A shall be collectively referred to as the "Relevant Persons")	<i>To sync the term with the regulations of Securities Exchange.</i>

Comparative Statement - Amendments in the CDC Regulations relating to Defaulters' Segment

S. #	Regulation #	Existing Regulations	Regulations Proposed by CDC	<i>Rational for changes</i>
		<p>the basis of information provided by the Securities Exchange from time to time and notify such Freezing to:</p> <p>(a) the Issuer; (b) the Securities Exchange; (c) the relevant Controlling Account Holders; and (d) the Commission</p> <p>Provided that CDC shall also Freeze any bonus issue or right shares credited in respect of the Relevant Securities from time to time in to the Accounts, Sub-Accounts or, as the case may be, the Investor Accounts of the Relevant Persons including any Relevant Securities subsequently acquired by them through any mode or becomes part of their Available Balance.</p> <p>Provided further that Freezing of Relevant Securities as aforesaid shall also be applicable in respect of Securities that are already placed on the Defaulters' Segment on the date of coming in to force of this Regulation 5.3A.1</p>	<p>of the Issuer on the basis of information provided by the Securities Exchange from time to time and notify such Freezing to:</p> <p>(a) the Issuer; (b) the Securities Exchange; (c) the relevant Controlling Account Holders; and (d) the Commission</p> <p>Provided that CDC shall also Freeze any bonus issue or right shares credited in respect of the Relevant Securities from time to time in to the Accounts, Sub-Accounts or, as the case may be, the Investor Accounts of the Relevant Persons including any Relevant Securities subsequently acquired by them through any mode or becomes part of their Available Balance.</p> <p>Provided further that Freezing of Relevant Securities as aforesaid shall also be applicable in respect of Securities that are already placed on the <u>Non-Compliant Defaulters' Segment or Winding-up Segment</u> on the date of coming in to force of this Regulation 5.3A.1</p>	
5.	5.3A.3	Where the Securities Exchange removes the Relevant Securities from the Defaulters' Segment then CDC shall, upon receipt of a notice from the Securities Exchange to that effect,	Where the Securities Exchange removes the Relevant Securities from the <u>Non-Compliant Defaulters' Segment or Winding-up Segment</u> then CDC shall, upon receipt of a notice from	<p>(a) <i>To sync the term with the regulations of Securities Exchange.</i></p> <p>(b) <i>Enabling power for unfreezing of shares of</i></p>

Comparative Statement - Amendments in the CDC Regulations relating to Defaulters' Segment

S. #	Regulation #	Existing Regulations	Regulations Proposed by CDC	<i>Rational for changes</i>
		remove the Freeze in respect of the Relevant Securities and notify such removal to: (a) the Issuer; (b) the Securities Exchange; (c) the relevant Controlling Account Holders; and (d) the Commission.	the Securities Exchange to that effect, remove the Freeze in respect of the Relevant Securities and notify such removal to: (a) the Issuer; (b) the Securities Exchange; (c) the relevant Controlling Account Holders; and (d) the Commission. <u>Provided that CDC shall remove the Freeze in respect of the Relevant Securities in the Accounts, Sub-Accounts or, as the case may be, the Investor Accounts of the Relevant Persons as authorized by Securities Exchange in writing to CDC.</u>	<i>sponsors, directors and senior management officers with the authorization of Securities Exchange.</i>

Guidelines for Submission of Comments

1. CDC invites the interested parties to provide their comments and views, with specific reference to the subject matter of the proposed amendments to CDC Regulations notified via notices, through any of the following modes.

Email	comments@cdcpak.com
Mail	The Chief Compliance Officer, Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, Pakistan

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

Table A

To Be Filed By The Respondent	
Name of respondent	
Account No.	
Name of company (if applicable)	
Designation (if applicable)	
Contact Number	
Email Address	

3. 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

Disclosure of Identity and Comments

Please check the box(es) if you wish to be remain confidential:

I wish to have my identity remain confidential.

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.

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