



PAKISTAN STOCK EXCHANGE LIMITED

(Formerly Karachi Stock Exchange Limited)

Stock Exchange Building, Stock Exchange Road, Karachi-74000, Pakistan

Phones: 021-111-001122

PSX/N-2148

April 08, 2016

NOTICE FOR ALL TRE CERTIFICATE HOLDERS
BROKERS OPERATING THROUGH
OTHER BROKERAGE HOUSES

In continuation of our Notice No.KSE/N-5360 dated September 26, 2005 and KSE/N-1220 dated March 07, 2012. All brokers are hereby informed that they are not allowed to trade either for their proprietary and / or clients' account through any other brokerage house of the Pakistan Stock Exchange Limited. As such the said prohibition is placed for the following reasons:

- Such intra-exchange trading between brokers allows trades to be carried out beyond the capital adequacy limit of a broker (trade initiating broker);
- This poses systematic risk to the market and is in stark contrast with the international best practice(s);
- The cost of brokerage commission (payable to the broker executing these trades) does not make any commercial sense; and
- Such trading practice can be used to "pump and dump" shares with the intention of influencing prices in the market.

In view of above and in light of SECP directive received through letters No.F-13/SMD/SECP/2005 and SMD/SE/2(182)/2008 dated September 23, 2005 and March 06, 2012 respectively, all brokers are strictly advised to ensure compliance with the above directives.

The above must be noted.

M. ABBAS MIRZA

GM & CHIEF COMPLIANCE OFFICER

Copy to:

- The Director / HOD, (SSED-SMD), SECP
- The Managing Director – PSX
- The Chief Regulatory Officer – PSX
- All Head of Departments – PSX
- The Regional Head – PSX
- The Chief Executive Officer, M/s. Central Depository Company of Pakistan Limited
- The Chief Executive Officer, M/s. National Clearing Company of Pakistan Limited
- PSX Website, Notice Board and Offices (ISB & LHR)

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITEDKSE/N-5360 **NOTICE** September 26, 2005

Reproduced hereunder contents of letter No. F.13/SMD/SECP/2005 dated September 23, 2005 received from **SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**, Securities Market Division, Islamabad, for information of members of the Exchange.

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SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
SECURITIES MARKET DIVISION

No. F.13/SMD/SECP/2005

September 23, 2005

Acting Managing Director
 Karachi Stock Exchanges (G) Limited,
 Stock Exchange Road,
 Karachi

Managing Director,
 Lahore Stock Exchange (G) Limited
 19, Khayabane-e-Aiwan-e-Iqbal,
 Lahore

Managing Director,
 Islamabad Stock Exchange (G) Ltd,
 Fazle-Haq Road,
 Islamabad

Subject: Brokers operating through other brokerage houses


Dear Sir,

It has been observed that brokers route their businesses through other brokerage houses within the same Exchange. Such intra-Exchange trading between brokers allows trades to be carried out beyond the capital adequacy limit of a broker (trade initiating broker). This poses systemic risk to the market and is in stark contrast with the international best practices. For a broker to trade through other brokerage house at the cost of brokerage commission (payable to the broker executing these trades) does not make any commercial sense. Furthermore, such trading practice can be used to "pump and dump" shares with the intention of influencing prices in the market.

Therefore, for the purpose of investor protection, market transparency, and promoting fair and efficient market practices, it is hereby directed that brokers shall not trade through other brokerage houses within the same Exchange w.e.f 10th October, 2005.

You are requested to ensure compliance with the above.

Sincerely


 Imran Inayat Butt
 Director (SM)

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSEN-1220

NOTICE

March 07, 2012

Reproduced hereunder letter No. SMD/SE/2(182)/2008 dated March 06, 2012 received from **SECURITIES & EXCHANGE COMMISSION OF PAKISTAN, SMD, PRD Department**, for information & compliance of members of the Exchange.

(Copy of the same is also available on our Website www.kse.com.pk).

**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**

Securities Market Division

Policy, Regulation and Development Department

No. SMD/SE/2(182)/2008

March 06, 2012

Mr. Nadeem Naqvi
Managing Director
Karachi Stock Exchange (G) Limited
Karachi

Mian Ayyaz Afzal
Managing Director
Islamabad Stock Exchange (G) Limited
Islamabad

Mr. Aftab Ahmad Ch,
Managing Director
Lahore Stock Exchange (G) Limited
Lahore

Subject: **Brokers Operating through Other Brokerage Houses**

Dear Sir(s),

This is in reference to the directive No. F. 13/SMD/SECP/2005 dated 23/9/2005 issued by the Securities and Exchange Commission of Pakistan (SECP) on the subject cited above.

2. Based on some queries made by some market participants in relation to broker to broker trading on the same exchange in reference to the subject directive, the following is clarified:

- I. No broker whether individual or corporate can trade with any other broker of the same exchange on proprietary and / or client account;
- II. Chief Executive /Managing Director ("with whatever name called") and Nominee Director of a brokerage house can only trade through the brokerage house which he/she is associated with in the said capacity;
- III. Immediate family members (spouse, children, siblings and parents) of CEO/MD and Nominee Director of a brokerage house may trade only through the brokerage house which the CEO/MD and Nominee Director is associated with;
- IV. Employees of a brokerage house shall only trade through the brokerage house which they are associated with in the said capacity.
- V. Directors (other than CEO/MD/Nominee) may trade through other brokers of the same exchange;
- VI. Shareholders of a brokerage house may trade through other brokers of the same exchange

3. For point V & VI i.e. trading by directors & shareholders shall be subject to fulfillment of certain disclosures to be prescribed by the exchange(s) with the prior consent of SECP.

4. Further, the stock exchanges are advised to review their respective Regulations for Proprietary Trading to remove any anomalies / inconsistencies therein in terms of the above clarifications to bring them in line with the spirit of the subject directive. The required amendments should be submitted for SECP for approval on priority.

Yours truly,

(Misrat Jabeen)
Director (PRDD)