

Date: January 30, 2026

## PSX RESPONSE PAPER

[With reference to PSX Notice No. PSX/N-343 dated April 04, 2025]

### PROPOSED AMENDMENTS TO PSX REGULATIONS IN RELATION TO PUBLIC DISSEMINATION OF DISCIPLINARY ACTION(S) TAKEN BY PSX AGAINST NON-COMPLIANT LISTED COMPANIES

#### 1. INTRODUCTION:

- 1.1 PSX publishes 'Response Paper' on its website after close of consultation process on proposed amendments to PSX Regulations and obtaining approval of proposed amendments from the Securities and Exchange Commission of Pakistan. The Response Paper sets out PSX's response to the comments received on the proposed regulatory amendments.
- 1.2 PSX vide notice No. PSX/N-343 dated April 04, 2025 invited public to submit their comments and feedback on the proposed amendments to PSX Regulations in relation to the above matter, latest by April 15, 2025:

Readers may peruse such notice by clicking the following link:

<https://www.psx.com.pk/psx/resources-and-tools/listings/public-comments>

- 1.3 PSX received comments from fourteen (14) respondents. Out of these respondents, three (03) requested to have both their comments and identity remain confidential, whereas, four (04) requested to have only their identity remain confidential. Following are the remaining respondents who chose to reveal their identity along with comments:

S. #	Respondent's Name	Designation	Company
I	Ghazain Khan	Manager Governance	PICG
II	Sabih Ul Haq Qureshi	Company Secretary	Attock Petroleum Limited
III	Sohail Akhtar Gogal	Company Secretary	Pakistan Aluminium Beverage Cans Limited
IV	Adnan Abdul Ghaffar	Company Secretary and Head of Legal	Amreli Steels Limited
V	Muhammad Nadeem Rajput	Company Secretary	Askari Life Assurance Company Limited
VI	Mohsin Muzaffar Butt	Company Secretary	Panther Tyres Limited
VII	Secretarial Team	-	The Hub Power Company Limited

1.4 The comments received along with responses of PSX are mentioned below:

COMMENTS	RESPONSES OF PSX
<b>(I) COMMENTS BY PICG</b>	
<p>The proposed amendments concerning the public dissemination of disciplinary actions against non-compliant listed companies represent a positive step towards enhancing market transparency and regulatory accountability. Aligning these measures with international practices will strengthen investor confidence and promote good corporate governance within the capital market.</p>	<p>PSX has noted this comment.</p>
<b>(II) COMMENTS BY ATTOCK PETROLEUM LIMITED</b>	
<p>We appreciate the initiative undertaken by Pakistan Stock Exchange (PSX) to enhance regulatory transparency and accountability through the proposed insertion of Regulation 5.21B regarding the public dissemination of disciplinary actions taken against non-compliant listed companies.</p> <p>While we acknowledge the underlying objective of aligning local practices with international standards, we wish to submit the following comments for your consideration to ensure balanced implementation and to mitigate potential operational and reputational challenges for listed companies.</p> <p><b>1. Reputational and Market Impact</b></p> <p><u>Observation:</u> Mandatory publication of enforcement orders and violations on the PSX website may result in reputational damage, even in cases of minor or technical breaches, particularly when context is lacking.</p> <p><u>Recommendation:</u> We suggest allowing companies to submit an official response or explanation to be published alongside the enforcement disclosure to ensure balanced market perception.</p>	<p>PSX has noted this comment.</p> <p><u>Views of PSX on Comment No. 1:</u> Under the Securities Act, 2015, PSX is empowered to make regulations which are applicable to the listed companies, in the form of PSX Regulations. Under PSX Regulations, PSX has prescribed various pre-listing and post-listing requirements for listed companies and issuers of listed securities.</p> <p>PSX has also prescribed disciplinary action(s) which are taken in case of establishment of non-compliance(s) and after providing due processes which may include personal hearing.</p>

## 2. Scope and Materiality Threshold

### Observation:

The proposed regulation does not differentiate between serious regulatory breaches and technical non-compliances.

### Recommendation:

Introduce a materiality threshold (e.g., based on fine amount, frequency, or nature of violation) to exclude insignificant or first-time breaches from mandatory disclosure, in line with the principle of proportionality.

PSX will proceed to publicly disseminate the enforcement action(s) taken against the listed companies after completing the due process of hearing and the timeline provided to the listed companies under Chapter 5 of PSX Regulations.

Nevertheless, being listed at PSX, it is the responsibility of every company to ensure meticulous compliance with the applicable regulatory framework at all times in letter and spirit and to inculcate good corporate governance practices and promote strong compliance culture.

Regarding the suggestion to allow companies to submit an official response or explanation to be published, PSX has noted this suggestions and will also publish official response or explanation by the company, if any, along with the disclosure.

### Views of PSX on Comment No. 2:

While taking any action against a non-compliant listed company and assessing appropriate disciplinary action(s), PSX takes into consideration certain factors in the interest of justice and fairness such as:

- severity and impact of non-compliance on market/ share price;
- recurrence of same non-compliance;
- past compliance track record;
- willingness of company to rectify the identified non-compliance and ensure meticulous compliance in future;

### 3. Retrospective vs. Prospective Application

Observation:

It is unclear whether the three-year consolidated reporting requirement will apply retrospectively or from the date of regulation enforcement.

Recommendation:

Clarify that the reporting will apply prospectively from the effective date of the regulation to avoid reopening settled matters and triggering reputational concerns for legacy cases.

### 4. Procedural Clarity and Appeal Safeguard

Observation:

While the draft refers to “due process” and “opportunity of being heard,” there is no explicit mention of whether enforcement actions will be disclosed only after exhaustion of review or appeal rights.

Recommendation:

Ensure that disclosures are made only after the enforcement action has attained finality—i.e., post-appeal period or after resolution of any review application.

### 5. Consistency and Non-Discrimination

Observation:

Public disclosure must be consistently applied across all listed companies to ensure fairness and avoid any perception of selective enforcement.

Recommendation:

Establish clear procedural standards and disclosure criteria within PSX’s internal regulatory framework to ensure uniform application of the new regulation.

### 6. Disclosure Format and Interpretation

Observation:

Investors may misinterpret penal disclosures without context or supporting explanation,

- technical failure, unavoidable circumstances or reason beyond control.

Views of PSX on Comment No. 3:

APL’s understanding is correct that dissemination will be done prospectively, i.e. from the effective date of approved amendments to PSX Regulations i.e. November 24, 2025.

Views of PSX on Comment No. 4:

Kindly refer to “Views of PSX on Comments No. 1” above.

Views of PSX on Comment No. 5:

PSX agrees with this comment. Such dissemination will be made for all listed companies on which non-compliance has been established and enforcement order has been issued.

Views of PSX on Comment No. 6:

PSX shall be publishing the information as per standardized format on its website, notified vide

<p>especially where the violation involves technical defaults.</p> <p><b><u>Recommendation:</u></b> Develop a standardized disclosure format that includes the nature of violation, enforcement basis, and company's response (if provided) to aid stakeholder understanding and avoid misinformation.</p> <p><b><u>Conclusion</u></b> We support PSX's intention to strengthen corporate discipline and promote transparency. However, in light of the above points, we respectfully recommend that the proposed regulation be refined to ensure a balanced, proportionate, and context-sensitive approach that protects investor interests while preserving the reputational integrity of listed companies.</p> <p>We remain available for any further deliberations and appreciate the opportunity to provide feedback on this important regulatory matter.</p>	<p>Notice No. PSX/N-1283 dated November 27, 2025.</p>
<p><b>(III) COMMENTS BY PAKISTAN ALUMINIUM BEVERAGE CANS LIMITED</b></p>	
<p>We commend the Pakistan Stock Exchange for proposing Rule 5.21.B, "Public Dissemination of Disciplinary Actions." This initiative reflects a commendable step toward enhancing regulatory transparency and investor confidence.</p> <p>The requirement to publish a quarterly consolidated report and notify the market of enforcement actions is aligned with evolving global practices and strengthens the Exchange's role in fostering market discipline.</p> <p>We respectfully offer the following observations for your consideration:</p> <p><b>7. Definition of Scope and Sanctions</b> While Rule 5.21B sets out a disclosure mechanism for disciplinary actions, it would benefit from additional clarity regarding the types of sanctions that are subject to publication. For instance, would this include warnings, penalties, trading suspensions, or de-listings? Greater specificity on the nature of actions covered would assist market participants in interpreting disclosures and understanding their implications.</p>	<p><b><u>Views of PSX on Comment No. 7:</u></b> PSX already publicly disseminates the disciplinary actions against the listed companies, such as placement of companies in the Non-Compliant Segment, suspension of trading and commencement of delisting proceedings under PSX Regulation 5.11.</p>

Internationally, exchanges such as:

- The New York Stock Exchange (NYSE) publish a range of enforcement outcomes including fines, censures, suspensions, and expulsions, and
- The London Stock Exchange (LSE), In coordination with the UK Financial Conduct Authority, discloses fines, suspensions, and de-listings.

This level of detail provides useful precedent for PSX to consider in further defining the rule's operational scope.

#### 8. Clarification on Applicability

The proposed rule appears to apply to listed companies, but this is not explicitly stated. We suggest PSX clarify whether the rule is intended to cover disciplinary actions only against listed companies, or if it may also extend to other market participants (e.g., sponsors, directors, or Intermediaries) under certain circumstances. This clarification would help ensure consistent interpretation and application.

#### 9. Timing of Disclosures

The quarterly publication requirement is a constructive step forward. However, many exchanges—including NYSE and LSE—also release individual enforcement actions at the time of final decision, particularly in cases involving significant Investor impact. PSX may consider complementing the quarterly summary with real-time or event-driven disclosures for high-impact actions, to improve the timeliness and utility of such information.

We appreciate PSX's continued efforts to enhance governance and transparency across the capital markets. Rule 5.2113 is a meaningful and progressive development. We fully support this initiative and believe that, with minor clarifications, it will significantly strengthen the regulatory framework and market confidence.

In addition to the above, PSX shall also publicly notify the other penal action(s) taken against the listed companies such as issuance of warning and imposition of fine etc. While disseminating such actions, PSX will specify the type of action taken, such as a warning, or imposition of fine etc. PSX shall follow a standardized format for dissemination of actions on its website, which has been notified vide Notice No. PSX/N-1283 dated November 27, 2025.

#### Views of PSX on Comment No. 8:

Public dissemination shall apply on the listed companies and issuers of listed securities.

#### Views of PSX on Comment No. 9:

PSX will notify the action after issuance of Enforcement Order by the CRO-PSX subsequent to providing hearing opportunity and completing the due process. Additional, PSX will also publish the consolidated report of disciplinary actions taken by PSX on its website taken during the preceding quarter. The report shall consist the actions taken during the last two years effective from November 24, 2025.

<p>Thank you for considering this feedback. Please feel free to reach out for any further clarification or engagement on this matter.</p>	
<p><b>(IV) COMMENTS BY AMRELI STEELS LIMITED</b></p>	
<p>We acknowledge receipt of your notification proposing amendments to the PSX Regulations, specifically regarding the insertion of Clause 5.21B for the public dissemination of disciplinary actions.</p> <p>We appreciate the efforts of the Pakistan Stock Exchange (PSX) in aligning with international practices found in various regional stock exchanges to promote transparency and accountability. However, we would like to respectfully share our concerns and suggestions for your kind consideration:</p> <p><b>10. Severity of Non-Compliance:</b> The proposed blanket dissemination of all disciplinary actions, irrespective of their materiality or severity, may result in disproportionate reputational harm to listed companies. It is essential to distinguish between minor, technical breaches and significant violations. We propose that only material violations with substantial market impact be considered for public dissemination.</p> <p><b>11. Increasing Compliance Burden:</b> The compliance requirements for listed companies have been growing steadily, adding to operational challenges. While we understand the importance of ensuring compliance, we recommend balancing regulatory oversight with measures that facilitate ease of doing business for listed entities.</p> <p><b>12. Business-Friendly Regulation:</b> The publication of enforcement actions, even after providing an opportunity to be heard, may dissuade companies from seeking listing on PSX. A compliance-friendly regulatory framework that incentivizes adherence without unnecessary public exposure will better serve the long-term interests of the market.</p>	<p>PSX appreciates the comments of ASTL.</p> <p><u>Views of PSX on Comment No. 10:</u> Kindly refer to the views of PSX given in <b>Sr. No. 1 &amp; 2</b> above.</p> <p><u>Views of PSX on Comment No. 11 &amp; 12:</u> The public dissemination will not be creating any additional compliance on the listed company. PSX is of the view that public dissemination of disciplinary actions taken against the Listed Companies will promote discipline among listed companies and ensure strict compliance with disclosure and reporting obligations as set out in PSX Regulations. It also aims to enhance the confidence of the investing public and all market participants in the capital market, assuring them that their interests are being protected. At the same time, it encourages listed companies and their relevant persons to act</p>

<p><b>13. Risk of Defamation:</b> Publishing the names of companies for any enforcement action on the PSX website could lead to reputational damage to companies and their directors, affecting stakeholder confidence and investor sentiment. This risk is particularly significant for minor or technical non-compliances. We propose that only summary reports without identifying details of listed companies be shared publicly.</p> <p><b>14. Confidentiality:</b> Confidentiality is critical in maintaining trust between the regulator and listed companies. While the SECP, as the primary regulator, should have access to such data, broader public dissemination should be avoided to preserve corporate confidentiality which is crux of corporate governance principles.</p>	<p>diligently and fulfill their responsibilities efficiently. This measure is also taken in line with the practice followed by various stock exchanges.</p> <p><u>Views of PSX on Comment No. 13:</u> Kindly refer to the ‘views of PSX ON Comment No. 1, 11 &amp; 12’ above.</p> <p><u>Views of PSX on Comment No. 14:</u> Kindly refer to the ‘Views of PSX on Comment No. 1, 11 &amp; 12’ above.</p> <p>Furthermore, PSX’s decision to publish enforcement actions reflects its commitment to full transparency and accountability, which is essential for maintaining investor confidence and market integrity. Disclosing specific actions and naming companies ensures that all stakeholders, including investors, regulators and listed entities, are fully informed about compliance standards and consequences for violations. This approach acts as a strong deterrent against non-compliance and reinforces the principle of equal treatment for all market participants. While reputational concerns are valid, transparency ultimately strengthens trust in the market and aligns with global best practices adopted by leading exchanges.</p>
---	---

<p><b>15. Alternative Transparency Measures:</b> Instead of publishing detailed enforcement actions on the website, PSX may consider sharing aggregate data, such as the number and types of non-compliances with PSX Regulations, without naming the companies involved. This approach would enhance transparency without jeopardizing reputation.</p> <p>We believe these amendments, while well-intentioned, should carefully balance transparency, market confidence, and the compliance burden on companies. We respectfully request to reconsider the proposed public dissemination mechanism and adopt a more nuanced approach.</p> <p>Thank you for considering our feedback. We remain available for any further discussions on this matter.</p>	<p><u>Views of PSX on Comment No. 15:</u> Kindly refer to the ‘Views of PSX on Comment No. 7’ above.</p>
<p><b>(V) COMMENTS BY ASKARI LIFE ASSURANCE COMPANY LIMITED</b></p>	
<p><b>16.</b> Companies may be categorized into two types:</p> <ul style="list-style-type: none"> <li>(i) those who are habitually non-compliant, and</li> <li>(ii) those who are inadvertently non-compliant due to specific circumstances but are willing to rectify the violations.</li> </ul> <p>PSX may consider reviewing the latter category to assess whether they are satisfactorily complying with PSX regulations since last many years. Hence later category may be taken lenient view in case any non-compliance and reminded it for future compliance.</p>	<p><u>Views of PSX on Comment No. 16:</u> Kindly refer to the ‘Views of PSX on Comment No. 1, 2 &amp; 14’ above.</p>
<p><b>(VI) COMMENTS BY PANTHER TYRES LIMITED</b></p>	
<p>I disagree with the proposed amendments regarding the public dissemination of disciplinary actions under Section 5.21B for the following reasons:</p> <p><b>17. Risk of Reputational Damage Without Final Resolution:</b> Publicly disclosing disciplinary actions can cause irreparable reputational harm to listed companies. This process of public notification can lead to misinterpretation by investors and stakeholders.</p>	<p><u>Views of PSX on Comment No. 17:</u> Kindly refer to the ‘Views of PSX on Comment No. 7 &amp; 14’ above.</p>

<p><b>18. Transparency:</b> The transparency must be balanced with fair procedural safeguards. The proposal is unclear whether companies will be given adequate time or opportunity to appeal enforcement actions before public disclosure, if any.</p> <p><b>19. Appeal Procedures:</b> PSX must also provide guidelines and ensure the implementation of Clause 5.21A (Appeal Procedure) for a fair trial.</p> <p>In conclusion, while accountability is crucial, these amendments should be revisited with proper stakeholder input, clear safeguards, and a more balanced framework that protects both the public interest and corporate integrity.</p>	<p><u>Views of PSX on Comment No. 18 &amp; 19:</u> Kindly refer to “Views of PSX on Comments No. 1” above.</p>
<p><b>(VII) COMMENTS BY HUB POWER COMPANY LIMITED</b></p>	
<p><b>20.</b> We do not agree that orders for penal actions such as imposition of fines etc. should be posted on PSX website in the report. There is already a requirement for listed companies to disclose the same in their annual report. This will have a direct impact on a Company’s share price and other business related matters. Following disciplinary proceedings and an adverse order, a listed company will be liable to pay the fine/penalty. It is unfair for any and all penal actions to be posted on PSX website which is already being disclosed through its annual report.</p> <p><b>21.</b> Any circular to this effect should not be applicable in retrospect.</p>	<p><u>Views of PSX on Comment No. 20:</u> Kindly refer to the ‘Views of PSX on Comment No. 1, 2, 7 &amp; 14’ above.</p> <p><u>Views of PSX on Comment No. 21:</u> HUBC’s understanding is correct that dissemination will be done prospectively, i.e. from the effective date the approved amendments to PSX Regulations i.e. November 24, 2025.</p>
<p><b>(VIII) COMMENTS BY RESPONDENT – 1 WHO OPTED TO KEEP THE IDENTITY CONFIDENTIAL</b></p>	
<p><b>22.</b> This is against the ethics and moral values to publish the Company XYZ on any forum. As we all know that it is very difficult for the Industrialist, Businessman and others to operate any kind of business due to intense situation in the Country where instability, law and order crises issues on its peak. It’s not the right time to do such thing.</p>	<p><u>Views of PSX on Comment No. 22:</u> Kindly refer to the ‘Views of PSX on Comment No. 1, 2, 7 &amp; 14’ above.</p>

<p>Yes, in future it may be applicable or issue a case study from PSX about a company who continually involving in non-compliance practices.</p>	
<p><b>(IX) COMMENTS BY RESPONDENT – 2 &amp; 3 WHO OPTED TO KEEP THE IDENTITY CONFIDENTIAL</b></p>	
<p><b>23. Contextual Clarity and Fair Representation</b> We suggest that any public disclosure of disciplinary actions include brief context to help stakeholders understand the nature and materiality of the violation.</p> <p>This can help distinguish between major regulatory breaches and technical or administrative oversights, ensuring that the published information is proportionate and informative. Contextual information may include the nature and seriousness of the violation, whether it was unintentional or a first-time occurrence, any corrective actions taken, and whether it had any material impact on shareholders or the market.</p> <p><b>24. Right to Appeal and Finality</b> It is also suggested that only final, non-appealable enforcement orders be included.</p> <p>In cases where an appeal or review is in process, publication could be premature and potentially damaging to a company's reputation. For example: PSX should only publish the penalty on its website once the case is fully settled — meaning, after the appeal process is finished and there's no further challenge possible.</p> <p><b>25. Retention Period</b> We understand that PSX plans to keep disciplinary action reports on its website for a period of three years. While we are generally supportive of this approach, we suggest that PSX review this time frame to one year to ensure it remains suitable and is in line with evolving international practices.</p> <p><b>26. Recognition of Remedial Measures</b> In cases where a company has taken prompt corrective actions in response to a regulatory finding, we suggest that this also be reflected in the disclosure or not be included in the report,</p>	<p><u>Views of PSX on Comment No. 23:</u> PSX agrees with this comment. The public dissemination will contain the brief context and overview of non-compliance established and any corrective measures taken by the listed company for better understanding of the stakeholders.</p> <p><u>Views of PSX on Comment No. 24:</u> Agreed. Kindly refer to the 'Views of PSX on Comment No. 1' above.</p> <p><u>Views of PSX on Comment No. 25:</u> PSX agrees with this comment and necessary change to reduce the reporting time to 2 years has been made in Clause 5.21B.2 of PSX Regulations.</p> <p><u>Views of PSX on Comment No. 26:</u> PSX agrees with this comment. Accordingly, PSX shall incorporate in the format of dissemination of actions on its website, which has</p>

<p>where appropriate. This could encourage positive compliance behavior and provide a more complete picture to the public.</p> <p>We believe these suggestions will help strike a balance between regulatory transparency and the legitimate interest of listed companies to avoid reputational harm in cases of minor or unintentional non-compliance.</p>	<p>been notified vide Notice No. PSX/N-1283 dated November 27, 2025, corrective measures taken by the company, if any.</p>
<p><b>(X) COMMENTS BY RESPONDENT – 4 WHO OPTED TO KEEP THE IDENTITY CONFIDENTIAL</b></p>	
<p>These suggestions aim to balance regulatory transparency with the protection of listed companies from reputational harm due to minor or unintentional non-compliance.</p> <p><b>27. Appeal Rights and Acknowledgment of Corrective Actions</b></p> <p>It is also suggested that only final enforcement orders, which are no longer subject to appeal, be published. Disclosing cases still under appeal or review may be premature and could unfairly harm a company’s reputation. Penalties should be published on the PSX website only once the case is fully resolved and no further legal challenge is possible.</p> <p>Where a company has taken prompt corrective measures in response to regulatory findings, this should either be reflected in the disclosure or, where appropriate, excluded from the report. This would promote responsible compliance and ensure balanced information is shared with the public.</p> <p><b>28. Publication Period on the Website</b></p> <p>With reference to the publication of disciplinary action reports on the PSX website, we propose reconsidering the three-year period and shortening it to one year to ensure its continued relevance.</p>	<p><u>Views of PSX on Comment No. 27:</u> PSX agrees with this comment. Kindly refer to the ‘Views of PSX on Comment No. 1’ above.</p> <p>Kindly refer to the ‘Views of PSX on Comment No. 26’ above.</p> <p><u>Views of PSX on Comment No. 28:</u> Kindly refer to the ‘Views of PSX on Comment No. 25’ above.</p>

**2. IMPLEMENTATION OF APPROVED AMENDMENTS:**

The approved amendments to PSX Regulations with respect to the above matter have taken effect from **November 24, 2025**.