

Date: September 22, 2025

PSX RESPONSE PAPER

[With reference to PSX Notice No. PSX/N-255 dated March 15, 2022]

Proposed amendments to PSX Regulations in relation to various matters

1. INTRODUCTION:

- 1.1 PSX publishes 'Response Paper' on its website after close of consultation process on proposed amendments to PSX Regulations. 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-225 dated March 15, 2022 invited public to submit their comments and feedback on the proposed amendments to PSX Regulations in relation to the following matters amongst others, latest by March 25, 2022:
 - (A) Requiring Listed Companies to disseminate to the Exchange their statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, as reported by its statutory auditor in its annual audited report.
 - (B) Implementation of certain amendments for enhancement of operational efficiency of PSX.
 - (i) Removal of the "Schedule for Technical Service Charges to TRE Certificate Holders & Others" from the Schedule of Charges notified by PSX under PSX Regulation 3.4 and instead prescribe this Schedule and any amendment thereto through notification disseminated on PSX Website.
 - (ii) Removal of operational details (like Contract Multiplier, Exercise Price Interval, Marketable lots pertaining to products traded at PSX) from PSX Regulations.
 - (iii) Removal of requirement to seek prior approval of SECP to the forms, documents and required information for issuance and transfer of TRE Certificate.
 - (C) Empowering PSX to prescribe manner of conducting audit of Brokers' Back Office System and Information Technology and Information Security Requirements and to require brokers to ensure that multifactor authentication is in place to use Exchange applications.
- 1.3 Readers may peruse such notice by clicking the following link:
<https://www.psx.com.pk/psx/resources-and-tools/listings/public-comments>
- 1.4 PSX received comments from 5 and 2 respondents on matters A and B, out of which 1 requested confidentiality. As regard matter C above, PSX did not received any comments. PSX is thankful to the respondents for submitting comments. Following are the respondents who consented to reveal their identity along with comments:

S. #	Respondent's Name	Designation	Company
I	Mr. Umar Farooque	Senior Manager – Internal Audit	Topline Securities Limited
II	Secretariat	-	Pakistan Stock Brokers Association (PSBA)
III	Mr. M Junaid Khalid	Assistant General Manager - Corporate Secretariat Legal & Corporate Affairs	Pakistan Stock Exchange Limited (PSX)
IV	Mr. M. Usman Ansari	-	Siemens (Pakistan) Engineering
V	Mashal Mohammad	Legal Director and Company Secretary	GSK Consumer Healthcare Pakistan Limited
VI	Mr. Muhammad Attaur Rehman Malik	Company Secretary	National Refinery Limited

1.5 Comments received along with responses of PSX are mentioned below:

(A) Requiring Listed Companies to disseminate to the Exchange their statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, as reported by its statutory auditor in its annual audited report:

S. #	COMMENTS
(I) COMMENTS BY MR. M JUNAID KHALID (PSX)	
1	<p>The CCG Regulations mandates every listed company to publish and circulate the Statement of Compliance (SOC) with the Code, along with their annual reports to set out the status of their compliance with the requirements of the Code, duly reviewed and certified by statutory auditors of the company. Besides, clause 5.6.9(a) of the PSX Regulations, requires the companies to send or transmit to the Exchange, among other reports, the annual report of companies containing <i>the audited financial statements, auditors' report, directors' report and the chairman's review report</i>, in the manner prescribed by PSX within stipulated timeline.</p> <p>In our view, instead of proposing a separate regulation as aforesaid within PSX Regulations, the Exchange may consider inclusion of aforementioned requirement (<i>i.e. to publish the SOC with the Code, duly reviewed and certified by statutory auditors within the Annual Report</i>) under clause 5.6.9(a) mandating the companies to disseminate such statement along with the annual report of the companies, since the comprehensive requirements are already provided under the CCG Regulations.</p> <p>Nevertheless, in case RAD proposes to continue with aforementioned <i>new</i> insertion, the said clause may be reworded as under:</p> <p><i>"The Every Listed Company ies shall disseminate to the Exchange its Statement of Compliance with the Regulations as per the format specified within the Regulations, duly reviewed and certified as-reported by its statutory auditors,</i></p>

<p>along with in its annual audited report within the timeline specified under clause 5.6.9(a) of these Regulations.”</p>					
<p>(II) COMMENTS BY USMAN ANSARI, SIEMENS (PAKISTAN) ENGINEERING</p>					
2	<p>With respect to the proposed amendments to the PSX Regulations, in particular the proposal to “require Listed Companies to disseminate their statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, as reported by its statutory auditor in its annual audited report”, we believe that adding such redundant requirements is contrary to enhancing “Ease of Doing Business”. PSX has made good strides in this respect in the past, but as has been suggested in the text itself, this statement of compliance is already included in the Annual Report, and that is notified to the PSX and shareholders. We see no increase in transparency from this proposal, and it serves only to increase the number of filings that the Company must undertake.</p>				
<p>(III) COMMENTS BY MASHAL MOHAMMAD, GSK CONSUMER HEALTHCARE PAKISTAN LIMITED</p>					
3	<p>Specifically, with regard to the proposed inclusion of 5.23. Disclosure of Statement of Compliance (SoC) with the Listed Companies (Code of Corporate Governance) Regulations, 2019, it is respectfully submitted that since the SoC is already published in the Annual Report which is submitted to the Exchange and TREC members, there will be no value addition in requiring listed companies to submit it separately. In fact, it will be an additional arduous and redundant requirement on listed companies without adding any value on transparency of disclosure.</p>				
<p>(IV) COMMENTS BY MUHAMMAD ATTA UR REHMAN MALIK, NATIONAL REFINERY LIMITED</p>					
4	<table border="1"> <thead> <tr> <th>Proposed amendment</th> <th>Comments</th> </tr> </thead> <tbody> <tr> <td> <p>5.23. DISCLOSURE OF STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019:</p> <p>The Listed Companies shall disseminate to the Exchange its statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 as reported by its statutory auditor in its annual audited report.</p> </td> <td> <p>Clause 5.6.9 (a) of the PSX Rule book states as follows:</p> <p>Quote:</p> <p>“The Company shall send / transmit to the Exchange its statutory report, annual report containing therein the audited Financial Statements, auditor’s report, directors’ report and the chairman’s review report in the manner prescribed by the Exchange not later than twenty-one (21) days before a meeting of the shareholders is held to consider the same.”</p> <p>Unquote:</p> <p>The Listed Companies in compliance with the above clause are already publicly disseminating through PUCARS their Annual Reports which, among other reports and documents, contain the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 together with the Auditor’s review report thereon. The proposed amendment would only result in regulatory burden.</p> </td> </tr> </tbody> </table>	Proposed amendment	Comments	<p>5.23. DISCLOSURE OF STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019:</p> <p>The Listed Companies shall disseminate to the Exchange its statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 as reported by its statutory auditor in its annual audited report.</p>	<p>Clause 5.6.9 (a) of the PSX Rule book states as follows:</p> <p>Quote:</p> <p>“The Company shall send / transmit to the Exchange its statutory report, annual report containing therein the audited Financial Statements, auditor’s report, directors’ report and the chairman’s review report in the manner prescribed by the Exchange not later than twenty-one (21) days before a meeting of the shareholders is held to consider the same.”</p> <p>Unquote:</p> <p>The Listed Companies in compliance with the above clause are already publicly disseminating through PUCARS their Annual Reports which, among other reports and documents, contain the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 together with the Auditor’s review report thereon. The proposed amendment would only result in regulatory burden.</p>
Proposed amendment	Comments				
<p>5.23. DISCLOSURE OF STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019:</p> <p>The Listed Companies shall disseminate to the Exchange its statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 as reported by its statutory auditor in its annual audited report.</p>	<p>Clause 5.6.9 (a) of the PSX Rule book states as follows:</p> <p>Quote:</p> <p>“The Company shall send / transmit to the Exchange its statutory report, annual report containing therein the audited Financial Statements, auditor’s report, directors’ report and the chairman’s review report in the manner prescribed by the Exchange not later than twenty-one (21) days before a meeting of the shareholders is held to consider the same.”</p> <p>Unquote:</p> <p>The Listed Companies in compliance with the above clause are already publicly disseminating through PUCARS their Annual Reports which, among other reports and documents, contain the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 together with the Auditor’s review report thereon. The proposed amendment would only result in regulatory burden.</p>				

(V) COMMENTS BY ANONYMOUS

5	Statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 is already being disseminated through Annual Report in soft form through PUCARS and attached in printed hard copies submitted to PSX. Separate submission of Statement of Compliance to PSX will add nothing in enhancement of transparency but additional requirement to listed companies and against ease of doing business. It is repetition of dissemination of same information and therefore, should not be amended in the Regulations.
---	--

CONSOLIDATED VIEWS OF PSX ON MATTER (A)

PSX agreed with the afore-mentioned concerns of listed companies and considered the same by requiring itself to disseminate the information on PSX website relating to statement of compliance of listed companies with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and auditor's review report thereon, as reported by their auditor in annual report for the information of public.

(B) Implementation of certain amendments for enhancement of operational efficiency of PSX:

S.#	COMMENTS	RESPONSES OF PSX
(I) COMMENTS BY MR. UMAR FAROOQUE, TOPLINE SECURITIES LIMITED		
1	The schedule of charges must be approved by SECP as there is no other stock exchange and PSX enjoys monopoly.	<p>Any changes in the Schedule of Charges (which means the schedule of deposits, fee, contribution, charges and any other sums specified by PSX along with time for payment, and any other relevant terms in respect thereof) requires approval of the Commission SECP and PSX notifies the changes prior to its implementation.</p> <p>The charges pertaining to the technical services charged to TRE Certificate Holders & Others are separately notified via "Schedule for Technical Service Charges" in a transparent manner. Any changes therein does not require approval of SECP, however, the same is approved by PSX Board and any changes made therein are notified in advance to the market.</p>
(II) COMMENTS BY SECRETARIAT, PSBA		
2	With regards to the amendments relating to the schedule pertaining to "Technical Service Charges to TRE Certificate Holders & Others", we strongly recommend that the Status Quo should be maintained, and the approval of SECP should be required whenever such schedule is amended.	Same as above.

2. IMPLEMENTATION OF PROPOSED AMENDMENTS:

The approved amendments to PSX Regulations with respect to matters mentioned above have taken effect from the dates as mentioned below:

Subject Matter of Approved Amendments	Effective Date
(A) Requiring Listed Companies to disseminate to the Exchange their statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, as reported by its statutory auditor in its annual audited report.	October 07, 2022
(B) Implementation of certain amendments for enhancement of operational efficiency of PSX.	
(i) Removal of the "Schedule for Technical Service Charges to TRE Certificate Holders & Others" from the Schedule of Charges notified by PSX under PSX Regulation 3.4 and instead prescribe this Schedule and any amendment thereto through notification disseminated on PSX Website.	
(ii) Removal of operational details (like Contract Multiplier, Exercise Price Interval) from PSX Regulations.	February 15, 2023
(iii) Removal of requirement to seek prior approval of SECP to the forms, documents and required information for issuance and transfer of TRE Certificate and removal of Marketable lots for GDS from PSX Regulations.	
(C) Empowering PSX to prescribe manner of conducting audit of Brokers' Back Office System and Information Technology and Information Security Requirements and to require brokers to ensure that multifactor authentication is in place to use Exchange applications.	November 29, 2022