AWARENESS AND FEEDBACK SESSION

ACCOUNT FACILITATION/ CUSTOMER HELP CENTERS

REGULATORY AFFAIRS DIVISION
PAKISTAN STOCK EXCHANGE LIMITED

SEPTEMBER 13, 2021
OUTLINE OF PRESENTATION

1. INTRODUCTION

2. BENEFITS OF CENTER

3. COMPARISON BETWEEN A BRANCH AND CENTER

4. PROPOSED AMENDMENTS TO PSX REGULATIONS

5. PROCEDURE FOR OPENING OF CENTER AND POWERS OF THE EXCHANGE

6. ACTIVITIES/ OPERATIONS AT CENTER

7. OBLIGATIONS OF A BROKER
INTRODUCTION

- As part of its efforts to increase customer base and capital market outreach, PSX explored an idea to allow brokers to open ‘Account Facilitation/Customer Help Centers’ (‘Center’).

- On June 29, 2021, PSX notified the Concept Paper, divided into following two parts:
  
  **Part A:** To allow brokers to open and operate the Centers; and  
  **Part B:** To allow brokers to engage sales staff and distribution networks of their Associated/Holding Companies for marketing their business/products.

- PSX vide aforesaid notification solicited comments and feedback of the securities brokers.

- The commenting brokers supported the concept and requested for its earliest implementation.

- Keeping in view the positive feedback, PSX proceeded further and drafted the regulatory framework for implementation of the above concept.
Account Facilitation/ Customer Help Center shall mean:

- Center opened and maintained by a securities broker, and

- Distribution Network and sales staff of securities brokers’ Associated/Holding Companies for marketing of their brokerage business and products, but

- **Does not include** broker’s Main Office, Head Office, Office(s) or Branch Office(s).

Representative: means the sales staff/officials of Associated Companies/Holding Companies engaged by the securities brokers for marketing of their business and products.
BENEFITS OF OPENING CENTERS

- A low-cost solution for increasing capital market outreach.
- A feasible solution for enhancing customer base and thereby attracting more investments.
- Presence of securities brokers in scattered and remote areas and creating greater awareness of securities market business and products among the potential investors.
- Effective marketing of brokerage business/products as dedicated staff will be available.
- An speedy and efficient channel of communication for receiving and addressing customer grievances.
- Facilitating potential customers by:
  - providing guidance to customers in account opening process/requirements
  - conducting KYC verification checks including allowing biometric of customers at the Center(s)
<table>
<thead>
<tr>
<th>Sr. #</th>
<th>REQUIREMENTS/ACTIVITIES</th>
<th>BRANCH</th>
<th>CENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Appointment of Branch Head</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>2.</td>
<td>Display of Name of Securities Broker</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>3.</td>
<td>Maintenance of proper books of accounts, records etc.</td>
<td>YES</td>
<td>NO</td>
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<tr>
<td>4.</td>
<td>Installation of Trading Terminals</td>
<td>YES</td>
<td>NO</td>
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<tr>
<td>5.</td>
<td>Facilitating Trading Activities</td>
<td>YES</td>
<td>NO</td>
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<tr>
<td>6.</td>
<td>Investment recommendations/securities advisory</td>
<td>YES</td>
<td>NO</td>
</tr>
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<td>7.</td>
<td>Payments to/from customers</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>8.</td>
<td>Deployment of Traders/System Operators</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>9.</td>
<td>Installation of Trading Software</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>10.</td>
<td>Availability of ‘Investors Awareness Guide’ Issued by the Exchange</td>
<td>YES</td>
<td>YES</td>
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<tr>
<td>11.</td>
<td>Drop Box Facility for receipt of complaints</td>
<td>YES</td>
<td>YES</td>
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<td>12.</td>
<td>Availability of printed brochures relating to marketing material, products and investment procedures</td>
<td>YES</td>
<td>YES</td>
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<td>13.</td>
<td>Facilitating customers in account opening procedure</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>14.</td>
<td>Deployment of properly trained staff for guidance and customer support for filling CRF and Sahulat Form</td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td>15.</td>
<td>Biometric verification/ customer verification</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>
PSX is proposing to introduce a dedicated Chapter 22A titled “Regulations Governing Opening and Operations of Account Facilitation/Customer Help Centers by Securities Brokers” in PSX Rulebook.

THE PROPOSED CHAPTER COVERS THE FOLLOWING AREAS:

- Procedures for opening of Account Facilitation/Customer Help Center;
- Activities allowed at Account Facilitation/Customer Help Center;
- Activities prohibited at Account Facilitation/Customer Help Center;
- Obligations of brokers with regard to opening and operating Account Facilitation/Help Center; and
- Powers of the Exchange.

PSX vide Notice No. PSX/N-1076 dated September 8, 2021 has invited public to submit their comments on proposed amendments to PSX Regulations relating to this matter latest by September 17, 2021.
A securities broker may be allowed to open its Center subject to providing the following:

- prior intimation to the Exchange;
- address of the Center;
- a list of employees/representatives to be deployed at the Center including their CNIC numbers, official contact details, qualification and work experience; and
- an undertaking on letterhead of the securities broker as per the specimen specified by PSX.

PSX may visit the Center to check the activities performed at such Center;

PSX may conduct inspection or investigation at any time on any matter in relation to requirements of Chapter 22A of PSX Regulations;

PSX may take disciplinary action against any securities broker who is found non-compliant with relevant PSX Regulations.
ACTIVITIES ALLOWED AND DISALLOWED AT CENTER

ACTIVITIES ALLOWED:

✓ Facilitating in account opening, including conducting KYC verification check;
✓ Addressing grievances and complaints; and

ACTIVITIES DISALLOWED:

✗ Conducting trading on its own account or on account of its customers;
✗ Providing investment advisory services;
✗ Making or receiving payments;
✗ Installing Trading Terminals or any trading related applications obtained from PSX or any third party;
✗ Deploying system operators/ traders; and
✗ Maintaining books of accounts, records etc.
The securities brokers must:

- **Display a board**, containing name of a securities broker and the words “Account Facilitation/ Customer Help Center”;

- Display an updated **list and addresses of all Center(s)**, names and contact details including official email address of employees and Representatives deputed at the Center on broker’s official website;

- Display a **board/standee** at a conspicuous place at the reception of the Center, mentioning the information specified in proposed Regulations;

- Register every person deputed at the Center as ‘employee’ in **NCCPL’s UIN Database**, except the ‘Representatives’ for which the requirements are specified in proposed Regulations;

- Provide relevant **trainings** to the Representatives before engaging them for performing functions;

- Provide **visiting cards** to its employees and Representatives;
OBLIGATIONS OF SECURITIES BROKERS W.R.T CENTERS

- Install CCTV cameras;

- Place recorded telephone lines and availability of call recordings;

- Manage and monitor the internet access at the Center(s);

- Ensure all communications are through official e-mail addresses/ letterheads of the securities broker;

- Submit confirmation to the Exchange by Compliance Officer on bi-annual basis that the broker/Center is in compliance with the requirements of Chapter 22A of PSX Regulations

- Notify PSX regarding the closure of a Center in advance; and

- Report any case of non-compliance(s) with Chapter 22A by the Compliance Officer to the concerned securities broker and PSX.
THANK YOU