



PAKISTAN STOCK EXCHANGE LIMITED
Stock Exchange Building, Stock Exchange Road, Karachi-74000
UAN: 111-001-122 Fax: 32437560

PSX/N - 4962

NOTICE

August 23, 2017

Solicitation of Public Comments

On

Proposed Amendments to Pakistan Stock Exchange Limited (PSX) Regulations

This is to inform the public that the Regulatory Affairs Committee of PSX in its meeting held on August 21, 2017 proposed certain amendments to PSX Regulations in relation to following matters:

- 1. Introduction of a new counter for trading in less liquid stocks;**
- 2. Implementation of a general framework for listed companies in violation of PSX Regulations**

Pursuant to Section 7(3) of the Securities Act, 2015, PSX hereby invites the public to provide comments on the proposed amendments in relation to the above matters, which are enclosed herewith as **Annexure A** and **Annexure B** respectively.

All concerned are invited to submit their written comments on the proposed amendments either in hard form or through e-mail at comments.rad@psx.com.pk latest by Wednesday, **August 30, 2017**.



ABBAS MIRZA
Acting Chief Regulatory Officer

Distribution: TRE Certificate Holders of PSX based at Karachi through Karachi Office
TRE Certificate Holders of PSX based at Lahore through Lahore Office
TRE Certificate Holders of PSX based at Islamabad through Islamabad Office

Cc:

1. The Executive Director (PRDD), SMD, SECP
2. The Managing Director, PSX
3. The Chief Executive Officer, CDC
4. The Chief Executive Officer, NCCPL
5. The Chief Executive Officer, PMEX
6. All Heads of Department, PSX
7. All Listed Companies of PSX
8. PSX Notice Board & Website

"ANNEXURE A"

PROPOSED AMENDMENTS RELATING TO INTRODUCTION OF A NEW COUNTER FOR TRADING IN LESS LIQUID STOCKS

NOTES FOR AMENDMENTS: (1) **ADDITIONS:** Shown in Blue Font (Bold + Underlined)
 (2) **DELETIONS:** Shown in Red Font (Strikethrough)

Existing PSX Regulations	Proposed Amendments	Rationale
Chapter 10: Ready Delivery Contracts Market Regulations		
<p>10.3. READY DELIVERY CONTRACT TRADING:</p> <p align="center"><u>New Insertion</u></p>	<p>10.3. READY DELIVERY CONTRACT TRADING:</p> <p><u>10.3.1. The Ready Delivery Contract Market shall comprise of following two counters:</u></p> <p><u>(a) Normal Stock Counter; and</u></p> <p><u>(b) Less Liquid Stock Counter</u></p> <p><u>Selection Criteria for Less Liquid Stocks:</u></p> <p><u>(i) The Exchange shall setup a separate counter for trading of less liquid stocks. An equity stock shall be classified as less liquid stock if it is below any of the thresholds relating to Free Float, number of days traded, average daily traded value and average daily traded volume, as prescribed by the Exchange from time to time with prior approval of the Commission.</u></p> <p><u>Provided that a less liquid stock shall be excluded from the list of less liquid stocks identified as per above criteria in case it satisfies any of the conditions relating to profitability, dividend payout and market capitalization of the issuer of such stock, as prescribed by the Exchange</u></p>	<p>A new counter is proposed to be set up for trading of less liquid stocks. Accordingly, the enabling provisions are proposed to be inserted for selection and trading of less liquid stocks and other allied matters.</p>

	<p><u>from time to time with prior approval of the Commission.</u></p> <p>(ii) <u>Only eligible UINs as specified under NCCPL Regulations shall be allowed to trade in less liquid stocks. However, an ineligible UIN as per NCCPL Regulations shall be permitted to sell the less liquid stocks he already holds.</u></p> <p>(iii) <u>The trading in less liquid stocks shall be conducted in periodic call auction sessions as per the procedures notified by the Exchange through its website.</u></p> <p>(iv) <u>The Exchange shall conduct a review of listed equity stocks every quarter based on data available for last three months to determine the list of stocks at the start of each quarter, which shall be traded on less liquid counter for the next quarter.</u></p> <p>(v) <u>The Exchange shall notify such list and give at least 15 days prior notice to the market participants before including or excluding any stock from the list of less liquid stocks.</u></p> <p>(vi) <u>In case the Exchange observes an unexplained or unusual movement in price or trading volume of a less liquid stock over a specified period as per the policy developed by the Exchange, the Exchange:</u></p> <p>(i) <u>shall immediately but not later than opening of market on next trading day</u></p>	
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<p>10.3.1. Trading in Ready Delivery Contracts shall be conducted under these Regulations with such modifications, alterations and additions as may be made from time to time by the Board with prior approval of the Commission.</p> <p>10.3.2. Trading in Ready Delivery Contracts shall take place through KATS.</p> <p>10.3.3. When a buyer/seller accepts offer/bid of a Ready Delivery Contracts, the said Contract shall be deemed to have taken place between the buyer and the seller.</p> <p>10.3.4. All offers/bids made may be accepted for up to the limit of the offer/bid and the Broker making an offer/bid shall be bound by the terms of the Ready Delivery Contracts.</p> <p>10.3.5. All trades in the Ready Delivery Contract Market shall be conducted by Brokers for and on behalf of their clients or for their own proprietary position under registered client codes duly mapped with the UIN.</p>	<p><u>shift clearing and settlement mechanism for such stock to Trade-for-Trade basis as per NCCPL Regulations; and</u></p> <p>(ii) <u>may require explanation or information from the issuer of said stock in accordance with Clause 5.6.1.(b) of these Regulations.</u></p> <p>10.3.1.(a) Trading in Ready Delivery Contracts shall be conducted under these Regulations with such modifications, alterations and additions as may be made from time to time by the Board with prior approval of the Commission.</p> <p>10.3.2. Trading in Ready Delivery Contracts shall take place through KATS.</p> <p>10.3.3. When a buyer/seller accepts offer/bid of a Ready Delivery Contracts, the said Contract shall be deemed to have taken place between the buyer and the seller.</p> <p>10.3.4. All offers/bids made may be accepted for up to the limit of the offer/bid and the Broker making an offer/bid shall be bound by the terms of the Ready Delivery Contracts.</p> <p>10.3.5. All trades in the Ready Delivery Contract Market shall be conducted by Brokers for and on behalf of their clients or for their own proprietary position under registered client codes duly mapped with the UIN.</p>	
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CHAPTER 19: RISK MANAGEMENT REGULATIONS

<p>19.1. METHODOLOGIES:</p>	<p>19.1. METHODOLOGIES:</p> <p><u>19.1.1. CLOSING PRICE DETERMINATION FOR STOCKS TRADED ON NORMAL COUNTER:</u></p>	<p>In order to incorporate the provision relating to closing price determination for</p>
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<p>(a) The Closing Price of a Security eligible for trading under respective Market is determined as per following methodology:</p> <p>(i) If the cumulative volume in a security is at least 500 shares or Rs. 25,000/-, whichever comes earlier (here in after referred to as the "threshold") then the Closing Price of that security shall be determined as Volume Weighted Average (VWA) price of trades of last 30 minutes before closing of the market.</p> <p>(ii) If the cumulative volume in a security during last 30 minutes before closing is less than the threshold, then the Closing Price of that security shall be determined as VWA of the most recent executed trades during the day which constitute the threshold.</p> <p>(iii) If cumulative volume is less than the threshold or there is no volume in the security during the whole trading day, then Closing Price shall be the VWA of executed trades and either all bids or all offers entered in KATS during the whole trading day. Such VWA price must be better than the previous day's Closing Price, provided that:</p> <p>i. Cumulative volume of either all bids or all offers entered at order level and executed trades are equal to or greater than the threshold.</p> <p>ii. Such bids or offers are entered in KATS at least two hours before the market close and remained unchanged during such period.</p> <p>iii. Such bids or offers are available for trade at the time of closure of the market.</p> <p>Explanation: The term "better", for the purposes of this clause, means the following;</p>	<p>(a) The Closing Price of a Security eligible for trading under respective Market is determined as per following methodology:</p> <p>(i) If the cumulative volume in a security is at least 500 shares or Rs. 25,000/-, whichever comes earlier (here in after referred to as the "threshold") then the Closing Price of that security shall be determined as Volume Weighted Average (VWA) price of trades of last 30 minutes before closing of the market.</p> <p>(ii) If the cumulative volume in a security during last 30 minutes before closing is less than the threshold, then the Closing Price of that security shall be determined as VWA of the most recent executed trades during the day which constitute the threshold.</p> <p>(iii) If cumulative volume is less than the threshold or there is no volume in the security during the whole trading day, then Closing Price shall be the VWA of executed trades and either all bids or all offers entered in KATS during the whole trading day. Such VWA price must be better than the previous day's Closing Price, provided that:</p> <p>i. Cumulative volume of either all bids or all offers entered at order level and executed trades are equal to or greater than the threshold.</p> <p>ii. Such bids or offers are entered in KATS at least two hours before the market close and remained unchanged during such period.</p> <p>iii. Such bids or offers are available for trade at the time of closure of the market.</p> <p>Explanation: The term "better", for the purposes of this clause, means the following;</p>	<p>less liquid stocks, this clause pertaining to closing price determination methodology is divided in two sub-clauses one for closing price for normal stock counter and the other for less liquid stocks.</p>
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<p>i. if VWA price of all bids and executed trades is greater than the previous day's Closing Price, the VWA of all bids and executed trades; otherwise</p> <p>ii. if VWA price of all offers and executed trades is less than the previous day's Closing Price, the VWA of all offers and executed trades; otherwise</p> <p>iii. where both (i) and (ii) above do not apply, then the previous day's Closing Price shall be applicable.</p> <p>(iv) In case, bid or offer price does not meet the above criteria; the Closing Price of the scrip shall remain unchanged from the previous day's Closing Price.</p> <p>(v) Cross trades at Broker's level, and trades which are executed under the same UIN, if any, shall not be eligible for the determination of Closing Price of the respective scrip.</p> <p style="text-align: center;"><u>NEW INSERTION</u></p>	<p>i. if VWA price of all bids and executed trades is greater than the previous day's Closing Price, the VWA of all bids and executed trades; otherwise</p> <p>ii. if VWA price of all offers and executed trades is less than the previous day's Closing Price, the VWA of all offers and executed trades; otherwise</p> <p>iii. where both (i) and (ii) above do not apply, then the previous day's Closing Price shall be applicable.</p> <p>(iv) In case, bid or offer price does not meet the above criteria; the Closing Price of the scrip shall remain unchanged from the previous day's Closing Price.</p> <p>(v) Cross trades at Broker's level, and trades which are executed under the same UIN, if any, shall not be eligible for the determination of Closing Price of the respective scrip.</p> <p><u>19.1.2. CLOSING PRICE DETERMINATION FOR STOCKS TRADED ON LESS LIQUID STOCK COUNTER:</u></p> <p><u>The Closing Price of a stock traded in the Less Liquid Stock Counter shall be determined as per following methodology:</u></p> <p>(i) <u>The VWA Price of all trades executed during the last call auction session of the day:</u></p> <p>(ii) <u>In case no trade is executed during the last call auction session, the VWA Price of the all trades executed during second last call auction session;</u></p> <p>(iii) <u>In case no trade is executed during the second last call auction session, the VWA Price of</u></p>	<p>To incorporate the provision relating to closing price determination for less liquid stocks.</p>
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<p>Provided that in case no trade takes place during the whole trading day in the Deliverable Futures Contract Market or Cash-Settled Futures Contract Market in a particular security, the Closing Price of that security for respective futures market will be updated on the basis of Theoretical Price.</p> <p>(b) The Theoretical Price for a Security tradable under Deliverable Futures Contract and/or Cash-Settled Futures Contracts Markets, if there is no trading in such Security in the respective market during whole trading day, is determined as per following methodology:</p> <p>(i) The Closing Price of underlying Security in the Ready Delivery Contract market $\times \{1 + (\text{One Month KIBOR} + 4\%) / 365 \times \text{DTM}\}$;</p> <p>(ii) In case of ex-entitlement Contracts, the Theoretical Price will be adjusted based on ex-price adjustment formulas determined by the Exchange.</p> <p>Whereas DTM stands for Date to Maturity which will be equivalent to days difference in the Settlement Dates</p>	<p><u>the trades executed during all preceding call auction session(s) of the day:</u></p> <p><u>(iv) In case no trade is executed during the day, the Closing Price of the stock shall remain unchanged from the previous day's Closing Price.</u></p> <p>Provided that in case no trade takes place during the whole trading day in the Deliverable Futures Contract Market or Cash-Settled Futures Contract Market in a particular security, the Closing Price of that security for respective futures market will be updated on the basis of Theoretical Price.</p> <p><u>19.1.3. THEORETICAL PRICE DETERMINATION FOR A SECURITY TRADED UNDER DELIVERABLE FUTURES CONTRACT AND/OR CASH-SETTLED FUTURES CONTRACTS MARKETS:</u></p> <p>(b) The Theoretical Price for a Security tradable under Deliverable Futures Contract and/or Cash-Settled Futures Contracts Markets, if there is no trading in such Security in the respective market during whole trading day, is determined as per following methodology:</p> <p>(i) The Closing Price of underlying Security in the Ready Delivery Contract market $\times \{1 + (\text{One Month KIBOR} + 4\%) / 365 \times \text{DTM}\}$;</p> <p>(ii) In case of ex-entitlement Contracts, the Theoretical Price will be adjusted based on ex-price adjustment formulas determined by the Exchange.</p> <p>Whereas DTM stands for Date to Maturity which will be equivalent to days difference in the Settlement Dates of the Ready Delivery Contract market</p>	
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<p>of the Ready Delivery Contract market and Deliverable Futures Contract or Cash-Settled Futures Contract on any applied trade date.</p>	<p>and Deliverable Futures Contract or Cash-Settled Futures Contract on any applied trade date.</p>	
<p>19.4. CIRCUIT BREAKER:</p> <p>(a) There shall be a security-wise circuit breaker for each Market separately (except Stock Index Futures Market, Index Option Market and Odd Lots Market) in case of price fluctuation of 5% or Re. 1 / -, whichever is higher from the Closing Price of the previous day or any other limit as prescribed by the Exchange, with the prior approval of the Commission, from time to time. Circuit breakers on the first trading day of a security shall be applicable as follows:</p> <p>(i) During the first trading day of a Right Allotment Letter of any security, circuit breakers of 5% or Re. 1/-, whichever is higher, will be applicable at the notional price determined based on previous day's Closing Price of the underlying security minus payable amount against such Right Shares. Provided that when the amount payable against such Right Shares is equal to or greater than the previous day's Closing Price of the underlying security, the notional price will be the tick size of underlying security.</p> <p>(ii) During the first trading day, on the Ready Delivery Contract Market, of a security formally listed at the Exchange, circuit breakers of 5% or Rs. 1/-, whichever is higher, will be applicable on the Closing Price determined on Futures Trading in Provisionally Listed Companies Market.</p> <p>(iii) Where a security is directly placed on Ready Delivery Contract Market without going through Futures Trading in Provisionally Listed Companies Market</p>	<p>19.4. CIRCUIT BREAKER:</p> <p>(a) There shall be a security-wise circuit breaker for each Market separately (except <u>less liquid stock counter of Ready Delivery Contract Market</u>, Stock Index Futures Market, Index Option Market and Odd Lots Market) in case of price fluctuation of 5% or Re. 1 / -, whichever is higher from the Closing Price of the previous day or any other limit as prescribed by the Exchange, with the prior approval of the Commission, from time to time. Circuit breakers on the first trading day of a security shall be applicable as follows:</p> <p>(i) During the first trading day of a Right Allotment Letter of any security, circuit breakers of 5% or Re. 1/-, whichever is higher, will be applicable at the notional price determined based on previous day's Closing Price of the underlying security minus payable amount against such Right Shares. Provided that when the amount payable against such Right Shares is equal to or greater than the previous day's Closing Price of the underlying security, the notional price will be the tick size of underlying security.</p> <p>(ii) During the first trading day, on the Ready Delivery Contract Market, of a security formally listed at the Exchange, circuit breakers of 5% or Rs. 1/-, whichever is higher, will be applicable on the Closing Price determined on Futures Trading in Provisionally Listed Companies Market.</p> <p>(iii) Where a security is directly placed on Ready Delivery Contract Market without going through Futures Trading in Provisionally Listed Companies Market</p>	<p>Circuit Breakers for Less Liquid Counter are covered separately with wider range as proposed in new sub-clause (vi) of the clause below.</p>



<p>or Book Building Process, then the circuit breaker of Rs.5 or 50% whichever is higher, shall be applicable on the offer price, during the first trading day in Ready Delivery Contract Market.</p> <p>(iv) During the first trading day, on the Ready Delivery Contract Market, of a security formally listed at the Exchange, circuit breakers of 5% or Rs. 1/-, whichever is higher, will be applicable on the Strike Price of such security determined through Book Building Process and the Futures Trading in Provisionally Listed Companies Market of such security shall not be allowed.</p> <p>(v) If the Security is listed on Futures Trading in Provisionally Listed Companies Market then the circuit breakers of Rs.5 or 50% whichever is higher, shall be applicable on the offer price during the first trading day in Futures Trading in Provisionally Listed Companies Markets.</p> <p>Notwithstanding anything mentioned hereinabove, no trading in the company provisionally listed under these Regulations shall be allowed beyond the price fluctuation of 100% or Rs. 50, whichever is lower, from the first day of closing rate till such time the company is formally listed.</p> <p style="text-align: center;"><u>New Insertion</u></p>	<p>or Book Building Process, then the circuit breaker of Rs.5 or 50% whichever is higher, shall be applicable on the offer price, during the first trading day in Ready Delivery Contract Market.</p> <p>(iv) During the first trading day, on the Ready Delivery Contract Market, of a security formally listed at the Exchange, circuit breakers of 5% or Rs. 1/-, whichever is higher, will be applicable on the Strike Price of such security determined through Book Building Process and the Futures Trading in Provisionally Listed Companies Market of such security shall not be allowed.</p> <p>(v) If the Security is listed on Futures Trading in Provisionally Listed Companies Market then the circuit breakers of Rs.5 or 50% whichever is higher, shall be applicable on the offer price during the first trading day in Futures Trading in Provisionally Listed Companies Markets.</p> <p>Notwithstanding anything mentioned hereinabove, no trading in the company provisionally listed under these Regulations shall be allowed beyond the price fluctuation of 100% or Rs. 50, whichever is lower, from the first day of closing rate till such time the company is formally listed.</p> <p><u>(vi) Where a security is placed on the less liquid stock counter of Ready Delivery Contract Market, then the Circuit Breaker of 20% of Rs5, whichever is higher, shall be applicable from the Closing Price of the previous day.</u></p>	<p>Due to illiquid nature of these stocks, their impact cost and price volatility is usually higher. Therefore, extended circuit breakers are proposed for this class of stocks.</p>
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PROPOSED AMENDMENTS IN DEPOSIT, FEE, CONTRIBUTION AND OHER SUMS SCHEDULE

SCHEDULE FOR TRADING FEE

Market Name	Rate in Rupees	Basis	Mode	Collection Date
Ready Market Trade	2.78916	Rs100,000/- value trade		On Every Settlement Day
Odd Lots Market Trade	3.50191			
Deliverable Futures Contract Market-contract	3.50191			
Futures Trading in Provisionally Listed Securities Market	3.50191			
Cash-Settled Futures Contract Market-contract	3.50191			
Stock Index Futures Contract Market-contract	3.50191			
Squaring-Up Market-trade	3.50191			
Negotiated Deals Market- transaction	2.785			
Debt Market	2.80			
Trade Rectification-transaction	(a) One side of fee applicable to Original Trade.		Through Payment Order	On Month End
	(b) Subsequent to fifth rectified order against a specific UIN, the fee as specified below shall be applicable in addition to (a) above on the concerned broker:			
	Order Slabs (on monthly basis)	Fee as % of the traded value of respective UIN in erroneous segment		
	No. of rectified orders between 6 and 8	0.15%		
	No. of rectified orders between 9 and 10	0.25%	Value of Rectified Trade	
	No. of rectified orders greater than 10	0.5%		
<u>Order Cancellation Charges</u>	<u>Order collection charges shall be applicable on a UIN basis during a day as specified below:</u>		<u>Each Cancelled Order</u>	
	<u>Order Slabs (on daily basis)</u>	<u>Charges</u>		
	<u>No. of cancelled orders up to 5</u>	<u>-Nil-</u>		
	<u>No. of cancelled orders above 5</u>	<u>Rs500</u>		

End of Proposed Amendments



"ANNEXURE B"

PROPOSED AMENDMENTS RELATING TO IMPLEMENTATION OF A GENERAL FRAMEWORK FOR LISTED COMPANIES IN VIOLATION OF PSX REGULATIONS

NOTES FOR AMENDMENTS: (1) **ADDITIONS:** Shown in Blue Font (Bold + Underlined)
 (2) **DELETIONS:** Shown in Red Font (Strikethrough)

EXISTING PSX REGULATIONS	PSX PROPOSED AMENDMENTS	RATIONALE
<p>5.11. DE-LISTING, SUSPENSION AND DEFAULTERS' SEGMENT:</p> <p>5.11.1. A listed company may be placed in the Defaulters' Segment, suspended and/ or de-listed for any of the following reasons and in the manner as provided herein below:</p>	<p>5.11. DE-LISTING, DEFAULTERS' SEGMENT, SUSPENSION AND DEFAULTERS' SEGMENT <u>DELISTING:</u></p> <p>5.11.1. A listed company may be placed in the Defaulters' Segment <u>if:</u> suspended and/ or de-listed for any of the following reasons and in the manner as provided herein below:</p>	<p>To mention these steps in a sequential manner.</p>
<p>(a) A listed company shall be placed in the Defaulters' Segment if from three years of the date of formal listing; it has not started commercial production in the case of a manufacturing company or has not commenced business in the case of any other company.</p>	<p>(a) A listed company shall be placed in the Defaulters' Segment if from three years of the date of formal listing; it has not started <u>commenced</u> its commercial production in the case of a manufacturing company or has not commenced <u>business operations</u> in the case of any other company <u>within ninety (90) days of the expected date of commencement of commercial production/ business operations as disclosed in its Prospectus;</u></p>	<p>The non-compliances leading to placement of companies on defaulters' segment, naming & shaming and through public notice are consolidated in one clause.</p>
<p><u>New Insertion</u></p>	<p>(b) <u>Its commercial production / business operations, as explained in Clause 5.11.1.(a), have remained closed for a continuous period of one year;</u></p>	<p>To safeguard the interests of the investors.</p>
	<p>(i) <u>Upon placement of a Company in the Defaulters' Segment under Clause 5.11.1 (a) and (b), the Exchange may instruct such Company to take necessary measures to</u></p>	

	<p><u>start / resume the commercial production/business operations, as the case may be, within three months from the date of such placement and submit the monthly progress report to the Exchange for dissemination to the market participants.</u></p> <p><u>(ii) In case of failure of the Company to start / resume the commercial production/business operations within the time specified under sub-clause (i) above, the Exchange may, upon receiving written request with an appropriate rationale from the Company for seeking extension, grant extension up to three months to ensure compliance and instruct such Company to continue to submit monthly progress report to the Exchange for dissemination to the market participants. During the extended period, the Exchange shall not take further step(s) as prescribed in Clause 5.11.2 below.</u></p>	
<p>(b) A listed company shall be placed in the Defaulters' Segment if it has failed to hold its Annual General Meeting for two consecutive years.</p> <p>(i) Trading shall be suspended in shares of such company and notice of suspension, including therein the cause of suspension, shall be disseminated immediately</p>	<p>(b) (c) A listed company shall be placed in the Defaulters' Segment if It has failed to hold its Annual General Meeting for two consecutive years;</p> <p>(i) Trading shall be suspended in shares of such company and notice of suspension, including therein the cause of suspension, shall be disseminated immediately</p>	<p>Repetition avoided.</p> <p>This process is proposed to be deleted as it will be replaced with the process proposed to</p>

<p>to any other stock exchange(s) on which such company is listed. The suspension in trading of shares of the company shall continue till the default is rectified and annual accounts are approved;</p> <p>(ii) The Exchange shall, on the date of suspension of a company due to violation of Regulation 5.11.1.(b), issue notice to the company under intimation to the Commission, for rectifying the default within a period of 90 days. Provided that upon failure to rectify the default within 90 days, the Exchange may, under intimation to the Commission and on reasonable grounds that the default would be rectified, provide the company with an additional period of not more than 90 days to rectify the default;</p> <p>(iii) Upon failure of the company to rectify the default within the period specified by the Exchange under Regulation 5.11.1.(b)(ii), the Exchange through a notice in writing shall delist the company under intimation to the Commission.</p>	<p>to any other stock exchange(s) on which such company is listed. The suspension in trading of shares of the company shall continue till the default is rectified and annual accounts are approved;</p> <p>(ii) The Exchange shall, on the date of suspension of a company due to violation of Regulation 5.11.1.(b); issue notice to the company under intimation to the Commission, for rectifying the default within a period of 90 days. Provided that upon failure to rectify the default within 90 days, the Exchange may, under intimation to the Commission and on reasonable grounds that the default would be rectified, provide the company with an additional period of not more than 90 days to rectify the default;</p> <p>(iii) Upon failure of the company to rectify the default within the period specified by the Exchange under Regulation 5.11.1.(b)(ii), the Exchange through a notice in writing shall delist the company under intimation to the Commission.</p>	<p>be inserted under clause 5.11.2.</p>
<p><u>New Insertion</u></p>	<p><u>(d) It has failed to submit its annual audited accounts for immediately preceding two consecutive financial years;</u></p>	<p>Proposed to be inserted due to high importance of annual accounts.</p>

<p>(c) A listed company in which winding-up proceedings have commenced shall be placed in the Defaulters' Segment and trading in its shares shall be suspended, in the manner provided in sub-clause (i) and sub-clause (ii) below. The notice of such suspension, including therein the cause of suspension, shall be disseminated immediately to any other stock exchange(s) on which such company is listed.</p> <p>(i) In case of winding-up by Court, the Exchange shall place the company in the Defaulters' Segment and suspend trading in its shares prior to opening of market on the next trading day from the date of receipt of information regarding commencement of its winding-up. However, in case where the winding-up petition is presented by creditor(s) or shareholder(s), the company shall be placed in the Defaulters' Segment and trading in its shares suspended subject to the following conditions:</p> <p>i. such creditor or creditors, either severally or jointly, have a claim against the company which is equivalent to at least ten percent of the equity of the company as per the latest accounts available with the Exchange; or</p> <p>ii. such shareholder or shareholders, either</p>	<p>(c) A listed company in which winding-up proceedings have commenced shall be placed in the Defaulters' Segment and trading in its shares shall be suspended, in the manner provided in sub-clause (i) and sub-clause (ii) below. The notice of such suspension, including therein the cause of suspension, shall be disseminated immediately to any other stock exchange(s) on which such company is listed.</p> <p>(i) In case of winding-up by Court, the Exchange shall place the company in the Defaulters' Segment and suspend trading in its shares prior to opening of market on the next trading day from the date of receipt of information regarding commencement of its winding-up. However, in case where the winding-up petition is presented by creditor(s) or shareholder(s), the company shall be placed in the Defaulters' Segment and trading in its shares suspended subject to the following conditions:</p> <p>i. such creditor or creditors, either severally or jointly, have a claim against the company which is equivalent to at least ten percent of the equity of the company as per the latest accounts available with the Exchange; or</p> <p>ii. such shareholder or shareholders, either</p>	<p>This clause has been shifted below as clause 5.11.3 (a) and (b) with certain changes as shown therein.</p>
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severally or jointly, own at least ten percent of the company's paid-up capital;

Provided that the Exchange may relax actions to be taken pursuant to sub-clause i. or ii. above, if it establishes that placement of such company on the Defaulters' Segment and/or suspension of trading in its shares, as the case may be, is not in the best interest of the market. However, the Exchange shall ensure that its decision to grant such relaxation is immediately disseminated to the market participants.

Provided further that where winding-up proceedings are initiated by creditor(s) or shareholder(s) who do not meet the conditions specified in sub-clause i. or ii. above, the Exchange may place the company in the Defaulters' Segment and suspend trading in its shares after expiry of two years from the date of commencement of the winding-up proceedings, if the matter is yet to be disposed of by the Court.

- (ii) In case of voluntary winding-up, the Exchange shall place the company in the Defaulters' Segment and suspend trading in its shares prior to opening of market on the next trading day from the date of receipt of information from such company for passing

~~severally or jointly, own at least ten percent of the company's paid-up capital;~~

~~Provided that the Exchange may relax actions to be taken pursuant to sub-clause i. or ii. above, if it establishes that placement of such company on the Defaulters' Segment and/or suspension of trading in its shares, as the case may be, is not in the best interest of the market. However, the Exchange shall ensure that its decision to grant such relaxation is immediately disseminated to the market participants.~~

~~Provided further that where winding-up proceedings are initiated by creditor(s) or shareholder(s) who do not meet the conditions specified in sub-clause i. or ii. above, the Exchange may place the company in the Defaulters' Segment and suspend trading in its shares after expiry of two years from the date of commencement of the winding-up proceedings, if the matter is yet to be disposed of by the Court.~~

- ~~(ii) In case of voluntary winding-up, the Exchange shall place the company in the Defaulters' Segment and suspend trading in its shares prior to opening of market on the next trading day from the date of receipt of information from such company for passing~~

<p>of special resolution for voluntary winding-up;</p> <p>(iii) Notwithstanding anything contained in Regulations 5.11.1.(c). above, any information regarding commencement of winding-up of a company shall be disseminated by the Exchange to the market participants prior to opening of market on the next trading day from the date of receipt of such information.</p>	<p>of special resolution for voluntary winding-up;</p> <p>(iii) Notwithstanding anything contained in Regulations 5.11.1.(c). above, any information regarding commencement of winding-up of a company shall be disseminated by the Exchange to the market participants prior to opening of market on the next trading day from the date of receipt of such information.</p>	
<p>(d) A listed company shall be delisted if its official liquidator/ liquidator has been appointed, whether by the Court or the company, as the case may be.</p>	<p>(d) A listed company shall be delisted if its official liquidator/ liquidator has been appointed, whether by the Court or the company, as the case may be.</p>	<p>This clause has been shifted below as clause 5.11.4. (a) with certain changes.</p>
<p>(e) A listed company shall be placed in the Defaulters' Segment if it has failed to pay:</p> <p>(i) the annual listing fees as prescribed in these Regulations for a period of 2 years; or</p> <p>(ii) any Penalty imposed under these Regulations; or</p> <p>(iii) any other dues payable to the Exchange;</p>	<p>(e) A listed company shall be placed in the Defaulters' Segment if It has failed to pay <u>within the time specified by the Exchange:</u></p> <p>(i) the annual listing fees as prescribed in these Regulations for a period of <u>two</u> (2) years; or</p> <p>(ii) any penalty imposed by the Exchange under these Regulations <u>though final order;</u> or</p> <p>(iii) any other dues payable to the Exchange <u>under these Regulations;</u></p>	<p>Editorial changes to add clarity.</p>
<p>(f) A listed company may be placed in the Defaulters' Segment and the Exchange may suspend trading in its shares if it has failed to comply with the requirements of any of these Regulations;</p>	<p>(f) A listed company may be placed in the Defaulters' Segment and the Exchange may suspend trading in its shares if it has failed to comply with the requirements of any of these Regulations;</p>	<p>This clause has been shifted below as proposed clause 5.11.1. (i) with certain changes as shown therein.</p>

<p>(g) A listed company shall be placed in the Defaulters' Segment if it for any reason whatsoever refuses to join the CDS after its securities have been declared eligible securities by the CDC.</p>	<p>(f) A listed company shall be placed in the Defaulters' Segment if it for any reason whatsoever refuses <u>has failed</u> to join CDS after its security has been declared eligible security <u>or CDS eligibility of its security has been suspended</u> by the CDC.</p>	
<p><u>New Insertion</u></p>	<p><u>(g) Its statutory auditor has issued a qualified opinion on the going concern assumption or has issued a disclaimer or an adverse opinion in the audit report;</u></p>	<p>Proposed to be inserted as they are of their important nature from investor protection point of view.</p>
<p><u>New Insertion</u></p>	<p><u>(h) License of the listed regulated person or listed company, as the case may be, has been cancelled or revoked by the Commission or licensing authority.</u></p>	
<p><u>New Insertion</u></p>	<p><u>(i) CDS eligibility of a security is revoked by the CDC; or</u></p>	
	<p>(i) A listed company may be placed in the Defaulters' Segment and the Exchange may suspend trading in its shares if It has failed to comply with the requirements of any <u>provision of this Chapter of these Regulations or where, in the opinion of the Exchange, it is necessary to do so in the interest of maintaining a fair, orderly and transparent market;</u></p>	<p>Shifted from existing clause 5.11.1(f) as referred above.</p>
<p>5.11.2. NOTICE TO THE COMPANY ON DEFAULTERS' SEGMENT:</p> <p>(a) The Exchange, on the same day of placement of a company in the Defaulters' Segment under Regulation 5.11.1.(e), 5.11.1.(f). or 5.11.1.(g), shall issue instructions to such</p>	<p>5.11.2. NOTICE TO THE COMPANY ON DEFAULTERS' SEGMENT:</p> <p>(a) The Exchange, on the same day of placement of a company in the Defaulters' Segment under Regulation 5.11.1.(e), 5.11.1.(f). or 5.11.1.(g), shall issue instructions to such</p>	<p>A new framework is proposed to be inserted as suggested by SECP for handling the cases of listed companies in violation of</p>

company for rectifying the default within ninety (90) days.

New Insertion

~~company for rectifying the default within ninety (90) days.~~

PSX regulations.

5.11.2 Upon placement of a Company or its Security on the Defaulters' Segment pursuant to sub-clause 5.11.1, the Exchange shall initiate the following steps unless the steps are specifically provided in the case(s) listed under sub-clause 5.11.1:

(a) Issue a notice(s) for the general public disclosing the information available with the Exchange including but not limited to the following:

- (i) Name of the Company placed on the Defaulters' Segment;
- (ii) Date and reason(s) of placement on the Defaulters' Segment;
- (iii) Time given for the rectification of non-compliance(s);
- (iv) Possible actions that may be taken by the Exchange in case the non-compliance(s) is/are not rectified within the specified timeframe;
- (v) Names of the sponsors, directors and substantial shareholders of the Company at the time of placement on Defaulters' Segment as per the information available with the Exchange along with the shareholding in the Company; and
- (vi) Names of associated companies of the Company (excluding associates based on



	<p><u>nominee director, independent director or director nominated by creditor).</u></p> <p><u>Where the Exchange does not have any of the above information readily available, the Exchange may issue a subsequent notice(s) as and when the information becomes available with it.</u></p> <p><u>(b) Instruct the CDC and/or Registrar in case of physical shares to freeze shares of the sponsors, directors and senior management of the Company;</u></p> <p><u>Provided that in case of change of management / revival of the company, the Exchange may allow transfer of such blocked shares to any other person(s) in the same form upon submission of a valid scheme of revival including supporting documents and agreements to the Exchange;</u></p> <p><u>(c) Instruct the Company to rectify the non-compliance(s) within the specified time not exceeding 90 days from the date of placement of the Company on the Defaulters' Segment;</u></p>	<p>To ensure that the sponsors, directors and senior management take the violations seriously and take immediate measures to rectify the same.</p> <p>To allow revival of companies subject to the condition that the shares of earlier sponsors, directors and/or senior management of the Company, as the case may be, shall be transferred in a blocked status.</p>
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<p>(b) Upon failure of the company to rectify the default within the stipulated time period the Exchange shall immediately suspend trading in shares of the company and simultaneously issue compulsory buy-back directions to the majority shareholders/ sponsors having control of the company to provide all the shareholders an option for selling their shares to the majority shareholders/ sponsors and the shares tendered by the shareholders shall be purchased by the majority shareholders/ sponsors. The price for such buy-back of shares shall be fixed by the Exchange in accordance with Regulation 5.13.</p> <p><u>New Insertion</u></p> <p><u>New Insertion</u></p>	<p>(b) Upon failure of the company to rectify the default within the stipulated time period the Exchange shall immediately suspend trading in shares of the company and simultaneously issue compulsory buy-back directions to the majority shareholders/ sponsors having control of the company to provide all the shareholders an option for selling their shares to the majority shareholders/ sponsors and the shares tendered by the shareholders shall be purchased by the majority shareholders/ sponsors. The price for such buy-back of shares shall be fixed by the Exchange in accordance with Regulation 5.13.</p> <p><u>(d) In case a Company fails to rectify the non-compliance(s) within the timeframe specified in 5.11.2 (c), the Exchange shall suspend the trading in the shares of such Company and provide it further period not exceeding 90 days to rectify the non-compliance(s).</u></p> <p><u>(e) In case a Company still fails to rectify the non-compliance(s) within the timeframe specified in 5.11.2 (d), the Exchange shall issue compulsory buy-back directions to the majority shareholders/sponsors having control of the Company in the manner as provided under clause 5.13 within the time specified by the Exchange, not exceeding ninety (90) days from the date of such direction or rectify the non-compliance(s) within such period.</u></p>	<p>Replaced with sub-clause 5.11.2.(d) & (e).</p>
<p>(c) Upon completion of the compulsory buy-back of</p>	<p>(f) Upon completion of the buy-back process of shares by majority</p>	

shares by majority shareholders/sponsors or failure of the company to comply with the compulsory buy-back directions within such reasonable time as may be specified by the Exchange in its notice, but not exceeding 90 days in total from the date of such directions, the company shall be delisted through a notice in writing by the Exchange under intimation to the Commission.

New Insertion

Provided that in case a company is also listed on another stock exchange in Pakistan but not in similar default as provided in Regulation 5.11.1.(e) and 5.11.1.(f) above at such other stock exchange, the Exchange shall not issue any directions for compulsory buy-back of its shares and shall delist the company.

Provided further that if the company is in default as provided in

shareholders/sponsors of the Company or its failure to comply with the compulsory buy-back directions or its failure to rectify the non-compliance(s) within ~~such reasonable time as may be specified by the Exchange in its notice, but not exceeding 90 days in total from the date of such directions, the company shall be delisted the timeframe specified in 5.11.2 (e), the Exchange shall delist such Company within 90 days~~ through a notice in writing ~~by the Exchange~~ under intimation to the Commission.

(g) Forward the case to the Commission for further action as per the relevant provisions of the Securities Act, 2015 and the Companies Act, 2017 to safeguard the interests of minority shareholders.

Provided that in case of 5.11.1(g), the PSX shall initiate step (a) only.

Provided further that in case of 5.11.1(h) and (i), the PSX in addition to placing the non-compliant company on the Defaulters' Segment shall also immediately suspend trading in its shares and perform all other steps in the manner as prescribed in clause 5.11.2.

~~Provided that in case a company is also listed on another stock exchange in Pakistan but not in similar default as provided in Regulation 5.11.1.(e) and 5.11.1.(f) above at such other stock exchange, the Exchange shall not issue any directions for compulsory buy-back of its shares and shall delist the company.~~

~~Provided further that if the company is in default as provided in Regulation~~

Inserted as suggested by SEC, with which we agree.

This clause has become redundant after integration of stock exchanges in Pakistan.

This clause has become

<p>Regulation 5.11.1.(e). at all the stock exchange(s) where it is listed, the compulsory buy-back directions shall be issued by all the stock exchanges in coordination with each other.</p>	<p>5.11.1.(e). at all the stock exchange(s) where it is listed, the compulsory buy-back directions shall be issued by all the stock exchanges in coordination with each other.</p>	<p>redundant after integration of all stock exchanges.</p>
	<p>(e) 5.11.3. A listed company in which winding-up proceedings have commenced shall be <u>may be</u> placed in the Defaulters' Segment and trading in its shares shall be <u>may be suspended</u>, in the manner provided in sub-clause (i) and sub-clause (ii) below. The notice of such suspension, including therein the cause of suspension, shall be disseminated immediately to any other stock exchange(s) on which such company is listed: <u>simultaneously if:</u></p> <p>(a) (i) In case of winding-up by Court, the Exchange shall place the company in the Defaulters' Segment and suspend trading in its shares prior to opening of market on the next trading day from the date of receipt of information regarding commencement of its winding-up. However, in case where the winding-up petition is presented by creditor(s) or shareholder(s); the company shall be placed in the Defaulters' Segment and trading in its shares suspended petition is filed by creditor(s) or shareholder(s) in the Court subject to the following conditions:</p> <p>i. such creditor or creditors, either severally or jointly, have a claim against the company which is equivalent to at least ten percent of the equity of the company as per the</p>	<p>This clause has been shifted from 5.11.1. (c) above to 5.11.3.</p>

latest accounts available with the Exchange; or

- ii. such shareholder or shareholders, either severally or jointly, own at least ten percent of the company's paid-up capital;

Provided that the Exchange may relax actions to be taken pursuant ~~to sub-clause~~ to condition i. or ii. above, if it establishes that placement of such company on the Defaulters' Segment and/or suspension of trading in its shares, as the case may be, is not in the best interest of the market. However, the Exchange shall ensure that its decision to grant such relaxation is immediately disseminated to the market participants.

Provided further that where winding-up proceedings are initiated by creditor(s) or shareholder(s) who do not meet the conditions specified in sub-clause i. or ii. above, the Exchange may place the company in the Defaulters' Segment and suspend trading in its shares after expiry of two years from the date of commencement of the winding-up proceedings, if the matter is yet to be disposed-off by the Court.

- (b) ~~In case of~~ Voluntary winding-up ~~the Exchange shall place the company in the Defaulters' Segment and suspend trading in its shares prior to opening of market on the next trading day from the~~



	<p>date of receipt of information from such company for proceedings <u>have commenced through</u> passing of special resolution. for voluntary winding-up;</p> <p>(c) <u>Winding-up petition is filed in the Court by the Commission or any other authority.</u></p> <p>Notwithstanding anything contained in Regulations 5.11.1.(c); above; Clause 5.11.3.(a), (b) and (c), any information regarding commencement of winding-up of a company shall be disseminated by the Exchange to the market participants prior to opening of market on the next trading day from the date of receipt of such information in the manner <u>as prescribed in clause 5.11.2.(a).</u></p>	
<p><u>New Insertion</u></p>	<p><u>5.11.4. The Exchange shall proceed to delist a Company if:</u></p> <p>(d) A listed company shall be delisted if its Official Liquidator / Liquidator has been appointed whether by the Court <u>and</u> / or the company, as the case may be <u>subject to the following:</u></p> <p>(i) <u>In case the Official Liquidator has been appointed pursuant to the winding-up by the Court, the Exchange shall proceed to delist the company on receipt of information regarding appointment of official liquidator;</u></p> <p>(ii) <u>In case the Liquidator has been appointed by the Company pursuant to the voluntary winding-up, the Exchange shall delist such company subject to completion of</u></p>	<p>In case of appointment of an official liquidator, PSX has to proceed with delisting of the company.</p>



	<u>liquidation process and submission of report to the Exchange by the Liquidator supported with auditor's certificate confirming distribution of sale proceeds to the shareholders according to their entitlements.</u>	
5.11.3.No company which has been de-listed or suspended shall be restored and its shares re-quoted until it removes the causes of de-listing/suspension and receives the assent of the Board for the restoration.	<u>5.11.5.</u> No company, which has been de-listed under these Regulations, shall be restored and its shares re-quoted until it removes the causes of de-listing and receives the assent of the Board for the restoration.	
5.11.4.No company shall be de-listed under these Regulations, unless such company has been given an opportunity of being heard.	<u>5.11.6.</u> No company shall be de-listed under these Regulations, unless such company has been provided an opportunity of being heard. <u>In case of failure of the company to avail the hearing opportunity, the Exchange shall proceed to delist the company on ex-parte basis.</u>	To expedite the case towards conclusion.
<u>New Insertion</u>	<u>5.11.7. In case of a company having more than one ground for placement on Defaulters' Segment, the PSX shall follow the steps prescribed for the ground that leads to earlier suspension or delisting of the company, as the case may be.</u>	To expedite the case towards conclusion.
<u>New Insertion</u>	<u>5.22. POWER TO OBTAIN DOCUMENTS:</u> <u>The Exchange may, by issuing a notice in writing, require a Listed Company/management company, trustee, or their directors, officers, employees or advisers to produce any documents/information (whether in documentary or electronic form) for investigating into a matter of possible breach of any relevant provision of PSX Regulations.</u>	Proposed to be newly inserted to have a power to obtain relevant information in case need arises.

End of Proposed Amendments