

PSX/N-881

September 06, 2024

## FOR ALL TRE CERTIFICATE HOLDERS

### PUBLICATION OF UPDATED 'INVESTOR AWARENESS GUIDE'

This is with reference to PSX Notice No. PSX/N-2671 dated April 27, 2017 whereby PSX notified the publication of 'Investor Awareness Guide' (**Guide**) in both English and Urdu languages to educate investors about their rights and obligations while trading in securities market. In the said Notice, PSX had also made it mandatory for TRE Certificate Holders to provide copy of the Guide to each of their customers during opening of account.

In view of the changes in regulatory frameworks and technological advancements in the securities market, PSX has updated the Guide in both English and Urdu languages, and hereby notifies the same as Annexure A enclosed herewith and also placed on PSX website: [www.psx.com.pk](http://www.psx.com.pk).

Accordingly, all TRE Certificate Holders are required to:

- (i) Place the revised Guide at a prominent location on their official website;
- (ii) Make available copy of the Guide at a visible location at the reception/ front office of the Office(s)/Branch Office(s) as well as Account Facilitation/ Customer Help Center(s) at all the times; and
- (iii) Provide/transmit the Guide to their new customers at the time of opening of account.

All TRE Certificate Holders are advised to note the above for compliance with immediate effect.



**AJEEET KUMAR**

Chief Regulatory Officer

Cc:

1. The Executive Director/HOD (PRDD), SMD, SECP
2. The Acting Chief Executive Officer, PSX
3. The Chief Executive Officer, CDC
4. The Chief Executive Officer, NCCPL
5. The Chief Executive Officer, PMEX
6. The Chief Executive Officer, E-Clear
7. The Chief Executive Officer, IFMP
8. The President and Chief Executive Officer, PICG
9. The Secretary General, PSBA

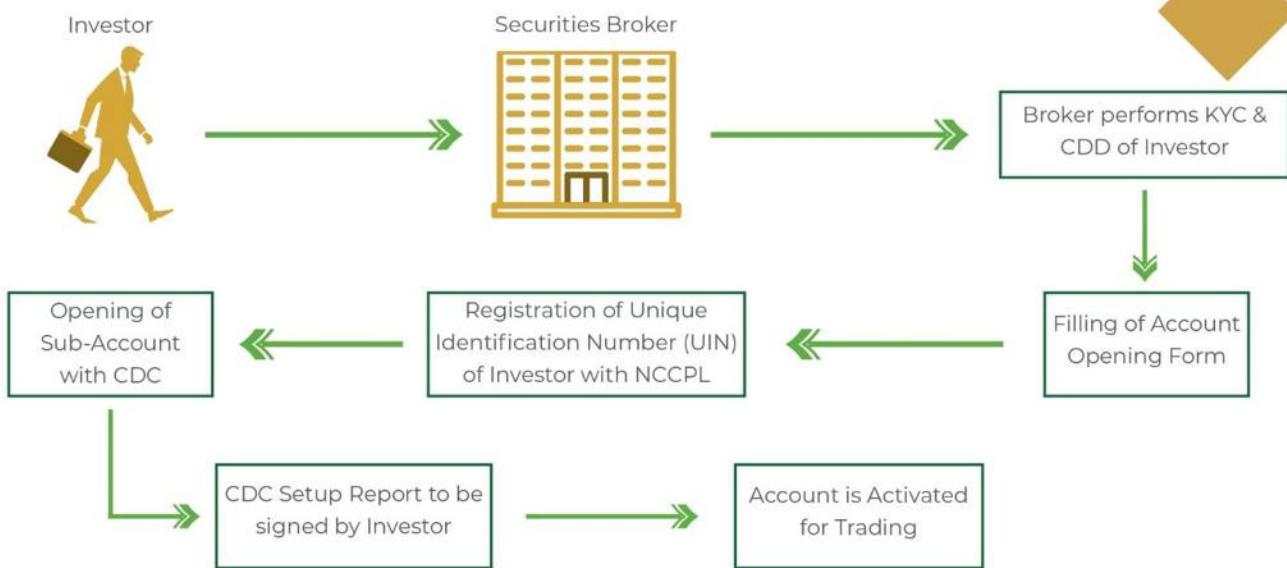


# INVESTOR AWARENESS GUIDE

**Pakistan Stock Exchange Limited (PSX) is issuing this 'Investor Awareness Guide' to educate the investing public about their rights and obligations and guide them to take prudent approach while trading in shares or futures contracts. This guide explains some significant provisions regarding shares trading and settlement as well as investors' protection.**

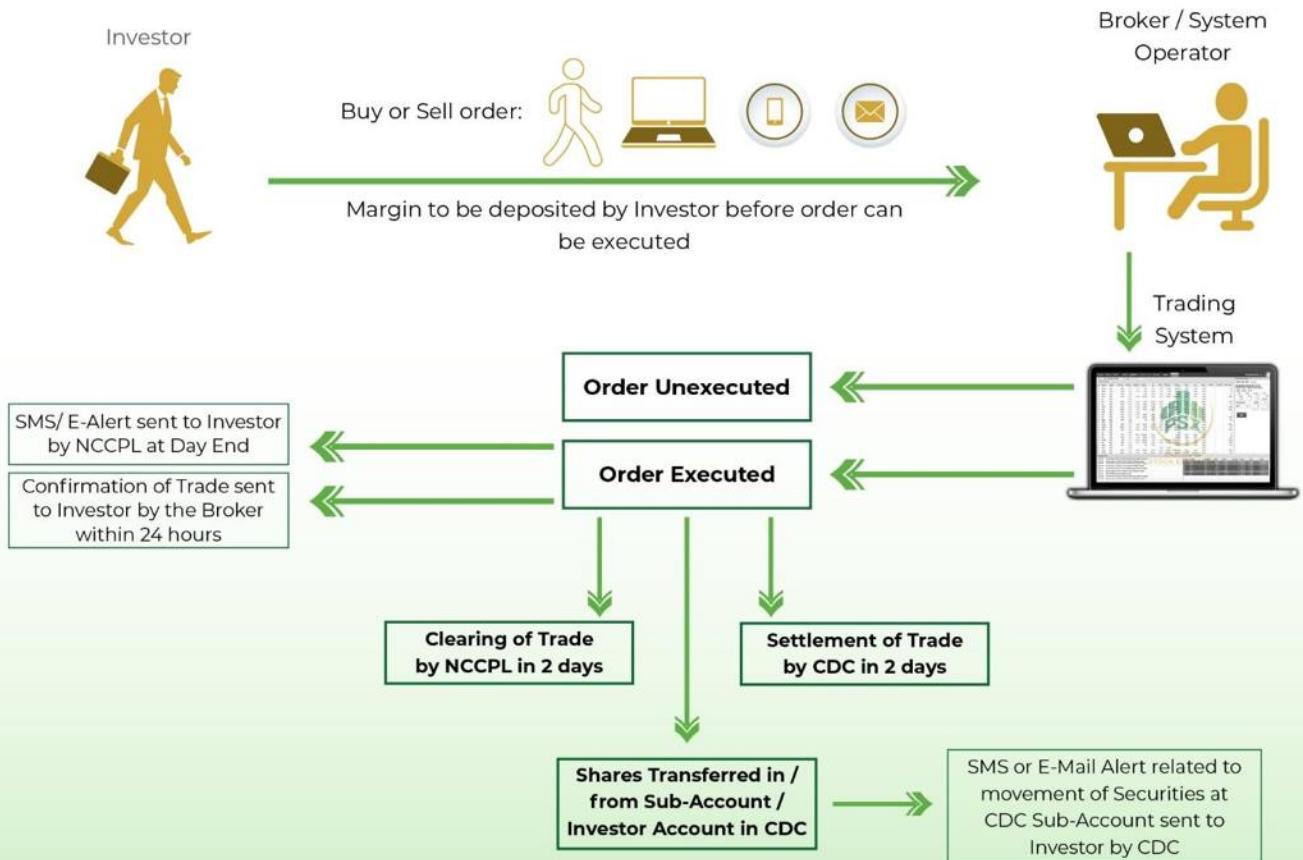
**DISCLAIMER:** Investors should not construe this guide as comprehensive and interpretive of all applicable regulatory provisions. Investors are further advised in their own interests to read and understand the applicable securities rules and regulations as framed by Securities and Exchange Commission of Pakistan (SECP), PSX, Central Depository Company of Pakistan Limited (CDC) and National Clearing Company of Pakistan Limited (NCCPL) to obtain complete understanding of their rights and obligations.

## ACCOUNT OPENING PROCESS FLOW:



\* KYC & CDD: Know Your Customer & Customer Due Diligence

## TRADING FLOW:



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## 1. KNOW YOUR BROKERS AND THEIR REGISTERED BRANCHES:

The Securities Brokers (Licensing and Operations) Regulations, 2016 framed under Securities Act, 2015 require a broker to be licensed and registered as Securities Broker (hereinafter referred to as “**PSX Broker**”) with SECP in order to perform the functions of a PSX Broker.

To verify the registration details of PSX Brokers is the first prudent step all investors should take to ensure that they trade through a duly registered person and at a registered office/branch office. Therefore, investors should seek from PSX Brokers the following information and other related details prior to commencing business with them and match the same with their registration details including details relating to their registered branch offices available on PSX website: [www.psx.com.pk](http://www.psx.com.pk):

- (a) Broker License Number assigned by the SECP;
- (b) Trading Rights Entitlement Certificate Number assigned by PSX; and
- (c) Contact details including web link, helpline number etc.

The above verification is crucial, because if you do business with an unregistered person/ party that later embezzles your money and/or securities or goes out of business, you may have no recourse to recover your money or even lodge a complaint with the Commission or other capital market institutions i.e. PSX, CDC and NCCPL. Therefore, it is strongly advised that all investors ensure that they deal through the registered PSX Brokers and at their registered branches/offices.

## 2. OPENING OF ACCOUNT IN OWN NAME:

Customers are advised in their own interest to open a trading account with PSX Brokers in their own name and are encouraged to operate the account themselves. However, in case Customer wishes to authorize a trustworthy person to operate the trading account, he/she should furnish written authorization for the same with the PSX Broker while opening the account. The Customer must retain a copy of such authorization for record purpose.

Customers must take note that they will be responsible and liable for any consequences including but not limited to losses and claims that may arise or be incurred by virtue of transactions executed in their account on the instructions of their authorized persons. Please keep in mind that such authorization carries risk of misuse of authority and may lead to fraud. Therefore, Customers need to be mindful of any bogus activity in their account and carefully select a person who will be authorized to operate their account in order to make sure that all trades executed in their accounts remain in their knowledge.

## 3. FILLING OF CUSTOMER RELATIONSHIP FORM (CRF):

Unless it is explicitly provided otherwise in the relevant laws and regulations, PSX Brokers are required to adopt Customer Relationship Form (CRF) for each of their Customers. CRF has been separately prescribed for individual and corporate Customers. CRF is a primary source of contractual agreement that contains minimum Terms and Conditions binding on PSX Broker and its Customers equally.

It is mandatory for Customers to fill all relevant fields of the CRF provided by PSX Broker for its Customers for commencing trading in the stock market and for custody and settlement of their securities. Moreover, Customers can also strike out fields which are either irrelevant or not applicable. This will ensure that all information mentioned in the forms remain in their knowledge and no other information can be added without their knowledge. Provision of correct, complete and current information in the CRF and furnishing the supporting documents by the Customers are necessary to establish their identity and enable the regulators to serve them effectively. The Customers should read and understand all terms and conditions of the CRF and

obtain from their PSX Broker a copy of CRF duly signed by such Customer and the PSX Broker for his/her/its information and record purposes.

The CRF that must be adopted by PSX Brokers for their individual or corporate Customers is prescribed in Annexure-I to Chapter 4 of the PSX Regulations.

**Note:** PSX Regulations are available in Legal Framework Section of PSX website: [www.psx.com.pk](http://www.psx.com.pk).

#### **4. FILING OF SAHULAT ACCOUNT WITH SIMPLIFIED KYC FORM:**

Individual Customers have an option to open a Sahulat Account with a PSX Broker. Some of the key features of Sahulat Account which distinguish it from normal account are as follows:

- (a) Individual Customers opening Sahulat Account are subject to simplified Know Your Customer (KYC) regime;
- (b) Maximum position limit a Customer can take is PKR 1,000,000;
- (c) Net trades of up to PKR 1,000,000/- can be made by Customers;
- (d) Only a local individual investor can open Sahulat Account with a PSX Broker; and
- (e) Trading in only Ready Delivery Contract Market is allowed.

The facility of Sahulat Account also falls under CKO regime whereby a Customer desirous of opening Sahulat Account is required to undergo the process of biometric IBAN and mobile number verification. Moreover, this facility with simplified KYC requirements has also been made available to Authorized Intermediaries (AIs) in KIS.

**For more details on Sahulat Account, please refer to PSX Notice No. PSX/N-740 dated June 17, 2019, PSX Notice No. PSX/N-33 dated January 10, 2020 and PSX Notice No. PSX/N-759 dated July 24, 2023 which are available on PSX website.**

#### **5. OPENING OF ACCOUNTS OF CUSTOMERS:**

##### **(a) Online Account Opening:**

The PSX Brokers may open an online account of Customers by utilizing the services of an authorized entity as per the terms and conditions specified by PSX from time to time. The PSX Brokers may also open accounts digitally on-boarded through the Centralized Gateway Portal. The PSX Brokers shall ensure that the online accounts are opened after completing all applicable regulatory requirements including conducting required verification and due diligence of Customers, collection and submission of documents/information and meeting any other requirements or conditions as may be prescribed by PSX or SECP in relation to online account opening.

##### **(b) Account Opening of Resident Pakistanis based on KYC Information shared by Banks in Pakistan:**

PSX Brokers can also open account of a local Customer who/which maintains an account with a bank in Pakistan, microfinance bank, non-banking finance companies or any other entity as may be authorized by the SECP (jointly referred to as an "Authorized Entity") on such terms and conditions as prescribed in the procedures specified by PSX and as amended from time to time.

##### **(c) Account Opening of Non-Resident Pakistanis (NRP) based on KYC Information shared by Banks in Pakistan:**

A Non-Resident Pakistani can open a bank account in any of the designated Pakistani banks' online portal (Roshan Digital Account-RDA) and choose to invest in various asset classes such as National Saving Schemes, Government Securities, securities of listed companies (Roshan Equity Investment-REI), mutual funds etc.

Where the NRP chooses to invest in capital market (REI), the NRP will have to select from the list of designated PSX Brokers provided on the bank's portal and provide to bank any additional information required for opening of account with PSX Broker. Such additional information shall then be transmitted by bank to CDC for onward transmission to selected PSX Broker and to NCCPL for creating UIN. PSX Broker shall perform its own KYC and CDD and confirm to NRP and CDC regarding opening of trading account.

For further details, the readers are advised to read Clause 4.15 of PSX Regulations.

## **6. ACCOUNT FACILITATION/ CUSTOMER HELP CENTERS:**

Account Facilitation/ Customer Help Centers ("Centers") mean the Centers opened and maintained by PSX Broker for performing such activities as specified in Chapter 22A of PSX Regulations. These Centers include the sales office(s) of the "Designated Entity" which includes Commercial Bank, Asset Management Company, Insurance Company or any other entity as may be specified by PSX with prior approval of the SECP.

In addition to opening Branch Offices in accordance with Chapter 22 of PSX Regulations, PSX Brokers can also open Centers in accordance with Chapter 22A of PSX Regulations, and use such Centers to market their products, attract new Customers, address queries of existing Customers and educate & facilitate their existing Customers in their local language. This will also help their Customers who are in remote areas to physically visit the designated place of the PSX Broker near to their locations.

Only following activities are allowed to be performed in the Center:

- (a) Facilitate and guide Customers in account opening and conducting KYC verification check;
- (b) Make available account opening forms, Risk Disclosure Document, Investors Awareness Guide, tariff structure and any print or electronic material for marketing education and tutorial purposes;
- (c) Address grievances and complaints of Customers; and
- (d) Any other activity as may be permitted by PSX.

Following activities are prohibited inside the Center:

- (a) Conduct trading activities on its own account or on account of its Customers;
- (b) Provide investment advisory services or trading recommendation to its Customers;
- (c) Engage in cash receipt/payment from/ to Customers;
- (d) Install Trading Terminals or any trading related applications obtained from PSX or any third party;
- (e) Deploy system operators/ traders;
- (f) Maintain any books of accounts, records etc.; and
- (g) Any other activity as may be prohibited by PSX.

It is important to note that these Centers do not fall within the following definitions provided under the PSX Regulations:

- (a) Broker's Main Office;
- (b) Head Office; and
- (c) Office(s) or Branch Office(s)

**For further details regarding obligations of a PSX Broker and powers of PSX with respect to the Centers, readers should read Chapter 22A of PSX Regulations.**

## 7. CENTRALIZED KNOW YOUR CUSTOMER ORGANIZATION:

Centralized Know Your Customer (KYC) Organization (CKO) Rules, 2017 ("CKO Rules") have been promulgated by the Federal Government under the Securities Act, 2015. Under these CKO Rules, NCCPL has been licensed to act as a CKO. As a result, NCCPL has accordingly framed its regulatory framework and specified KYC Form for Customers.

Once CKO has performed KYC process for a Customer and fed in all the details in KYC Information System (KIS), such Customer/respective Authorized Intermediary (AI) shall not be required to initiate complete KYC Process with CKO again. For example, Customer of 'PSX Broker A' would not need to fill the KYC Form again with 'PSX Broker B'.

## 8. PROVISION OF MANDATORY TARIFF STRUCTURE TO CUSTOMERS:

Every PSX Broker is required to provide its Customers tariff schedule annexed to CRF and Sahulat Form containing the following information:

- (a) Commission rate and any other charges;
- (b) Applicable regulatory levies i.e. trade or transaction fee of PSX, CDC, NCCPL and SECP etc.; and
- (c) Applicable statutory levies i.e. taxes and duties of federal and provincial government.

Customers must receive from its PSX Broker a copy of the aforesaid tariff schedule at the time of opening account and read the same to determine the transaction cost. The PSX Broker must obtain consent of their Customers, through signature or using digital means or otherwise in written form.

In case of any change in the tariff schedule mentioned in point (b) and (c) above, the PSX Broker is required to communicate any change therein to its Customers within seven (07) working days from the effective date of such change. However, any change in the tariff mentioned in point (a) shall take effect after the same is communicated to the Customers at least 30 days, or such higher number of days as may be specified by the PSX, in advance of the effective date of the change. The change must be communicated in writing through acceptable mode of communication as provided under CRF and Sahulat Form.

## 9. UNIFORMITY OF INFORMATION MAINTAINED IN CRF, SAHULAT FORM, KYC FORM AND UNIQUE IDENTIFICATION NUMBER (UIN) DATABASE OF NCCPL:

It is important that the Customer information provided in the KYC Form and CRF should match with the information provided in UIN database of NCCPL for creating UIN of such Customer. Customers must ensure that their registration details such as CNIC number, mobile number, email address and residential address are correctly recorded in the KYC Form, CRF, Central Depository System (CDS) of CDC and National Clearing and Settlement System (NCSS) of NCCPL, as the case may be.

Further, Customers must ensure to sign the CDC Posted Report provided by PSX Broker after verifying the correctness and completeness of the information.

## 10. REQUIREMENTS RELATING TO SEGREGATION OF CUSTOMERS' MONEY AND SECURITIES:

PSX Brokers have a fiduciary obligation under the law to keep their Customers' money and securities fully segregated from their own assets and also keep them protected at all times. No PSX Broker is allowed under any circumstance to make unauthorized use of Customers' funds and securities for their own purpose/ benefit.

## **11. DISTRIBUTION OF PROFIT BY THE SECURITIES BROKERS EARNED ON UNUTILIZED FUNDS OF THE CUSTOMERS:**

PSX Brokers have a fiduciary obligation to pass on profit, credited by the bank, to the respective Customers in proportion to their unutilized balances, if such funds are kept in a profit-bearing bank account. Any Customer who does not wish to receive the profit must specify the same in writing to its PSX Broker.

## **12. PLACEMENT OF TRADING ORDERS/ INSTRUCTIONS:**

Customers should give order instructions to PSX Brokers as per the acceptable mode of communication in writing, verbally through a dedicated recorded telephone line(s) of Brokers, in writing through registered email address / mobile/ fax/ letter, or online through internet-based trading systems for each trade. The Customers should take due care and be diligent while giving order instructions and indicate clearly whether the order is buy, sale or short sale order.

The trade orders placed through any of the above modes by the Customers should specify the relevant details such as the name and number of the securities and/or futures contracts to be bought or sold, the nature of the transaction and the limitation as to the price, if any, etc.

Customer should note the following:

- (a) Short Share (i.e. shares sold in regular market without having Pre-Existing Interest or shares available in CDS account, but the client or proprietary account has SLB contract executed through SLB market at NCCPL) is allowed in Ready Market.
- (b) Blank Sale (i.e. Sale without having Pre-Existing Interest or shares available in CDS account) at the time of placing sale order is strictly prohibited in the Ready Market. However, Blank Sale is allowed in the Deliverable Futures Contract Market through special order F8 window designated in the Trading System for Blank Sale subject to the limits specified in Chapter 13 of PSX Regulations.

Additionally, visiting Customers placing verbal orders to PSX Brokers should also provide written acknowledgement of such orders to PSX Brokers.

## **13. ONLINE TRADING:**

Trading in securities market has been made easier, economical and faster through the introduction of online trading services. Although it offers Customers many benefits, online trading may not be completely secure and reliable and may cause delay in transmitting information or execution of instructions due to technological barriers. It is important for the Customers to know the risks involved in online trading and learn the important security features are in place like encryption, firewalls, Anti-virus, use strong & complex password, enable multifactor authentication, avoid clicking on links or downloading from unknown or suspicious emails, avoid using public Wi-Fi, regularly checks account statements and transaction histories, etc. to keep their trade information confidential and secure. Moreover, the Customer must acknowledge that they shall be solely responsible for any consequences arising from online trading or due to disclosure of the access codes and/or passwords to any third person or any unauthorized use of the access codes and/or passwords.

Furthermore, the Customers must ensure that while opening of an online account, all the communication is held with the employee(s) of a licensed securities broker. For this purpose, the Customer may call a securities broker at its official telephone line(s) and/ or UAN(s) for confirmation of such person.

## **14. OBLIGATIONS & DUTIES OF CUSTOMERS WHILE TRADING:**

Customers should comply with the requirements of Chapter 7A governing Market Misconduct Regulations of PSX Rulebook and all other applicable laws, rules, regulations, policies, notices, directives, guidelines etc.

issued by the PSX or SECP, from time to time to ensure that the regulatory and procedural obligations imposed on them are fully complied with at all times.

It is the legal and ethical responsibility of Customers to maintain high standards of integrity, promptitude and fairness and act purely in a legitimate manner when dealing in capital market activities. A Customer while carrying out trading activities should not indulge in Market Misconducts such as Insider Trading, Market Manipulation or any other Market Abuse, which are prohibited under the governing laws and tantamount to criminal offense if committed by a Customer. Besides, a Customer, facilitating any other Customer committing or attempting to commit Market Misconduct, shall also be held liable.

#### **15. OBLIGATION OF CUSTOMERS TO DEPOSIT MARGINS:**

Customers should deposit all applicable margins (exposure margins, mark to market margins and any other applicable margins) as required by PSX Broker for their trades in any market. Such margins can be deposited in any form as permitted under Schedule II to Chapter 12 of NCCPL Regulations.

#### **16. MODES OF PAYMENTS / RECEIPTS:**

It is mandatory for the Customers to receive all payments from PSX Brokers only through crossed cheques/bank drafts/pay orders or any other banking channels in their own name. Similarly, Customers should make payments to PSX Brokers through "A/c Payee Only" crossed cheque, bank drafts, pay orders or other banking channels drawn on their own bank account and obtain receipt thereof. In case of cash payment (allowed maximum up to PKR 25,000), Customers should obtain proper receipt specifically mentioning if payment is for margin or the purchase of securities.

However, PSX Brokers may accept cash from Customers in excess of PKR 25,000 in exceptional circumstances where it becomes necessary for them to do so only through deposit in PSX Broker's bank account designated for Customers. PSX Brokers are required to report such exceptional instances with rationale thereof to PSX within one trading day through prescribed reporting mechanism.

#### **17. TRANSMISSION OF TRADE CONFIRMATION:**

PSX Brokers must deliver to its Customers a contract note in respect of daily trades for the purchase, sale or exchange of securities of the Customers within 24 hours of trade execution through any previously agreed mode of communication as specified in the CRF and Sahulat Form.

The confirmation order shall precisely include the following specific information:

- (a) Date on which order is executed;
- (b) Name and number of securities;
- (c) Nature of trade (SPOT, Ready, Future, Leveraged Market, Debt Market and also whether bought or sold);
- (d) Price;
- (e) Commission rate and any other charges;
- (f) Applicable regulatory levies i.e. trade fee of the Exchange, CDC, NCCPL and SECP etc.;
- (g) Applicable statutory levies i.e. taxes and duties of federal and provincial government; and
- (h) Whether the order is executed for the Securities Broker's own account or from the market.

Customers should ensure that they receive the contract notes from PSX Brokers through which they have traded and verify that the executed trades are same as instructed by the Customers.

In case contract note is not issued or it contains any discrepancy, Customer should report the same to PSX Broker within one trading day otherwise the trade shall be considered conclusive and binding on the

Customer. If PSX Broker does not rectify the discrepancy or does not respond to Customer, the Customer should immediately file a complaint with Regulatory Affairs Division of PSX through any of the following modes:

Mail	The Chief Regulatory Officer, Regulatory Affairs Division, 2nd Floor, Administration Building, Pakistan Stock Exchange Building, Pakistan Stock Exchange Road, Karachi – 74000.
Email	<a href="mailto:investor.complaints@psx.com.pk">investor.complaints@psx.com.pk</a>

The Complaint/Claim Form can be downloaded by visiting the link 'Investor Center' section of PSX website: [www.psx.com.pk](http://www.psx.com.pk).

#### **18. SMS AND/OR E-ALERTS BY NCCPL AND CDC FOR SECURITIES TRADES:**

In order to keep Customers updated about their trades and transactions in a fast, easy and convenient manner while keeping the confidentiality of information intact, NCCPL provides trading information to Customers through SMS and/or email at day end for all trades and transactions executed on their UIN during the day. Similarly, CDC provides SMS and/or e-alerts to Customers regarding movement of their shares in CDS.

In order to benefit from such messages/e-alert facilities and to track daily trades and maintain record thereof, Customers are strongly advised to provide and update their valid mobile number and/or email address of their own to NCCPL and CDC.

#### **19. CONFIRMATION OF SECURITIES POSITIONS THROUGH CDC:**

Customers can contact CDC for obtaining updated information regarding their securities position in their sub-accounts as per CDC record and match that information with the securities positions as per back-office record of PSX Broker obtained by the Customer from PSX Broker. In case of any discrepancy between the securities position as per the information provided by CDC and the securities position provided by PSX Broker, the Customer should immediately report the same to PSX Broker for removal of the discrepancy. In case of non-cooperation or non-resolution of the issue, the Customer should immediately file a complaint with Regulatory Affairs Division of PSX in writing by submitting a duly filled Investors' Complaint/Claim Form, either in hard form through email at [investor.complaints@psx.com.pk](mailto:investor.complaints@psx.com.pk).

The Complaint/Claim Form can be downloaded by visiting the link 'Investor Center' section of PSX website: [www.psx.com.pk](http://www.psx.com.pk).

#### **20. RIGHT TO OBTAIN LEDGER DETAILS SHOWING CASH AND SECURITIES POSITIONS:**

The Customers have a right to obtain a copy of ledger statement specifying cash and portfolio positions of their account opened and maintained with PSX Broker under official seal and signature of PSX Broker or its authorized representative on periodic basis. In case of any discrepancy in the ledger statement, Customers are required to inform the same to PSX Broker within one (1) trading day of receipt of the ledger statement to remove such discrepancy. In case of non-resolution of any discrepancy, the Customers should report the same to the PSX. The name of authorized representative of PSX Broker is displayed at the entrance of its branches/offices.

## 21. MANDATORY PROVISION OF QUARTERLY ACCOUNT STATEMENTS BY PSX BROKERS:

In order to safeguard Customers' assets kept with PSX Brokers and ensure transparency in the securities industry, every PSX Broker must provide to its Customers a quarterly account statement within 15 days of close of each quarter through any of the acceptable modes of communication as designated by Customer for this purpose. The quarterly statement must show cash ledger statement with opening and closing cash balances, all receipts and payments of money and settlement-wise money obligation debited or credited to the client account, securities positions as per back office record of PSX Broker showing status of available and pledged securities, and securities position as per CDS record along with reconciliation of any differences therein.

Customers must obtain, read and verify the quarterly statements provided by PSX Broker to ensure that the same reflect the true position of cash and securities as per the clients' order instructions given to PSX Brokers during the quarter. In case of any discrepancy, the Customer should immediately report the same to PSX Broker for removal of the discrepancy and also inform the same to PSX. In case of non-cooperation or non-resolution of the issue, the Customer should immediately file a complaint with Regulatory Affairs Division of PSX in writing by submitting a duly filled Investors' Complaint/Claim Form, either in hard form or through email at [investor.complaints@psx.com.pk](mailto:investor.complaints@psx.com.pk).

The Complaint/Claim Form can be downloaded by visiting the link 'Investor Center' section of PSX website: [www.psx.com.pk](http://www.psx.com.pk).

## 22. FACILITY TO OPEN INVESTOR ACCOUNT WITH CDC:

CDC provides an excellent option to the Customers to open and maintain Investor Account directly with CDC for secure and safe custody of their securities as they are directly maintained by CDC. Investor Accountholders have direct and complete control over their securities as this account is operated only on the instructions of investor(s). Multiple 'Value Added Services' are available on this account round the clock for viewing Account & Cash Balance, Account & Cash Activities through dedicated web portal, Interactive Voice Response (IVR), SMS, e-Statement & e-Alerts.

## 23. SETTLEMENT OF TRADES DIRECTLY THROUGH NCS OF NCCPL AND DSS OF CDC:

In order to bring increased efficiency and transparency to the clearing and settlement process of Customers' trade and to provide maximum protection to their cash and securities, CDC and NCCPL have launched National Custodial Services (NCS) and Direct Settlement Services (DSS) respectively for the stock market investors.

Under these services, PSX Brokers will only be involved for trade execution while NCCPL or CDC will provide clearing, settlement and custodial services for such trades. For this purpose, the investors shall open web-based NCS account with NCCPL or IAS account with CDC.

These direct settlement facilities/enables the investors to maintain their cash and securities balances directly with NCCPL and/or CDC. To obtain full information regarding these services, Customers are advised to visit Products & Services section of NCCPL website: [www.nccpl.com.pk](http://www.nccpl.com.pk) and Businesses section of CDC website: [www.cdcPakistan.com](http://www.cdcPakistan.com).

## 24. ON-LINE ACCESS THROUGH UIN INFORMATION SYSTEM OF NCCPL:

In order to enhance transparency, foster investors' confidence and minimize risk of misappropriation of clients' securities, NCCPL has developed a web-based UIN Information System (UIS) to enable investors to track their trading, settlement and related information. This system enables UIN Holders to view all their trading, settlement and relevant information with their respective PSX Brokers in a smooth and efficient manner through

dedicated User ID and Password. The application form of UIS is available on the NCCPL's website [www.nccpl.com.pk](http://www.nccpl.com.pk) or can be obtained directly from NCCPL's Offices.

## **25. PRESCRIBED RISK DISCLOSURE DOCUMENT:**

In order to facilitate Customers in understanding the risks and making well informed investment decisions in light of their financial situation, investment objectives and risk appetite, PSX has formulated a specimen of a Risk Disclosure Document as required under Clause 13(1) of the Securities Brokers (Licensing and Operations) Regulations, 2016. The Risk Disclosure Document provides important information about the various risks associated with trading and investment in financial instruments being traded at PSX.

PSX Brokers must provide the Risk Disclosure Document to their every new Customer and obtain an undertaking duly signed and dated by the Customers confirming that they have understood the nature and contents of the Risk Disclosure Document.

Hence, the Customers are required to carefully read and understand the Risk Disclosure Document in their own interests prior to commencing business with PSX Brokers.

## **26. PROHIBITION ON GIVING GUARANTEE OF FIXED/SPECIFIC RETURN TO CUSTOMERS:**

PSX Brokers are licensed to carry out functions relating to buying, selling, exchanging or subscribing for securities or effect transactions in securities for Customers or on their own account. PSX Brokers are prohibited under the law from raising deposits from public/investors against fixed or guaranteed returns of deposits because these activities of PSX Brokers are illegal and tantamount to defrauding the public. Customer must know that investment in securities contain volatility risk that makes their return inherently unpredictable.

Customers should be cautious of these illegal activities and should not give deposit by whatever named called, to any PSX Broker as the same is illegal and any claim in respect of such illegal deposit would not be considered/entertained by PSX as the same is beyond the scope of legitimate capital market activities.

## **27. COMPLAINT HANDLING MECHANISM:**

In case a Customer has any dispute with a PSX Broker/Representative in connection with any trade or transaction and is not otherwise settled amicably, the Customer can lodge complaint with PSX for resolution of dispute through mediation or arbitration to be conducted in accordance with the arbitration procedures prescribed under Chapter 18 of the PSX Regulations. Such complaints can be lodged with Regulatory Affairs Division of PSX in writing by submitting a duly filled Investors' Complaint/Claim Form, either in hard form or through email at [investor.complaints@psx.com.pk](mailto:investor.complaints@psx.com.pk).

The Complaint/Claim Form can be downloaded by visiting the link 'Investor Center' section of PSX website: [www.psx.com.pk](http://www.psx.com.pk).

## **28. REGULAR VISITS TO WEBSITES OF SECP, PSX, CDC, NCCPL AND JAMAPUNJI:**

The websites of SECP, PSX, CDC and NCCPL make available copies of all applicable laws, rules, regulations, guidelines, circulars, notifications etc. issued from time to time.

Additionally, the information relating to all procedures, processes and requirements to open and maintain account with PSX Brokers, various products and services offered by PSX, CDC and NCCPL to facilitate the Customers are disseminated clearly and prominently through the websites of these institutions. Customers are advised to visit regularly these websites to keep themselves updated and make well-informed and prudent investment decisions.

We wish to re-emphasize that it is extremely important for the Customers to regularly monitor their cash and securities balances and maintain documentary record of their business transactions. Customers must immediately report to the concerned PSX Broker or to PSX in case of any discrepancy in their cash or securities balances or they do not receive the requisite trade confirmation notes, periodic account statements, SMS and/or e-alerts etc.

## 29. DEFINITION OF KEY TERMS USED IN THIS GUIDE

1. **CUSTOMER:** Customer is defined in Section 2 of the Securities Act, 2015 as “a person on whose behalf a regulated person carries on any regulated securities activity and includes any person commonly known as an investor”
2. **REPRESENTATIVE:** Representative is defined in Section 2 of the Securities Act, 2015 as “an individual, by whatever name called, in the employment of or acting for or by arrangement with, a regulated person, who carries out for that regulated person any such activity (other than work ordinarily performed by accountants, clerks or cashiers), whether or not he is remunerated, and whether his remuneration, if any, is by way of salary, wages, commission or otherwise; and includes any officer of a company who performs for the company any such activity whether or not he is remunerated, and whether his remuneration, if any, is by way of salary, wages, commission or otherwise and includes an agent of a regulated person;
3. **SECURITIES BROKER:** Securities Broker is defined in Section 2 of the Securities Act, 2015 as “a trading right entitlement certificate holder or “TRE” certificate holder who, by way of business,
  - (a) makes or offers to make with any person or induces or attempts to induce any person to enter into or to offer to enter into, any agreement for or with a view to buying, selling, exchanging or subscribing for, securities; or
  - (b) solicits or accepts any order for or otherwise trading in, or effects transactions in, securities for clients or on its own account;”
4. **SALE WITH PRE-EXISTING INTEREST:** Sale with Pre-Existing Interest is defined in Clause 2 of the Securities Brokers (Licensing and Operations) Regulations, 2016 as “the squaring up of:
  - (i) an earlier purchase in the same settlement or in a different settlement which will settle prior to the settlement of the sale; and
  - (ii) an open position in margin trading or margin financing as a financee on account of same UIN of same security.”

## 30. GENERAL PROCESS OF TRADING IN SECURITIES MARKET:

1. Investors desirous of investing in the securities of listed companies should first open a trading account with any of the registered PSX Brokers duly licensed with SECP to perform function as Securities Broker.
2. Open an Investor Account with CDC or Sub-Account with PSX Broker for settlement and custody of shares.
3. PSX Broker may require the Customers to deposit a margin money with it upfront.
4. Customers should give clear order instruction to PSX Broker for every buy or sale trade;
5. PSX Broker places the trade order in the automated trading system of PSX;
6. PSX Broker provides trade confirmation to its Customers showing full details of the buy or sale order executed on the Trading System within next 24 hours of the trade execution along with disclosure of commission charges and other levies/taxes applicable on such trade;

7. Customer must receive trade related alert from NCCPL through SMS and/or email for their trades at relevant day end.
8. The Customer should also receive an alert either through SMS or e-mail for movement of their shares at day end from CDC.
9. The Customer can register for UIS services of NCCPL to monitor their trades executed by the PSX Broker and securities position available as per NCCPL's record at day end.
10. For buy trades, Customers must have sufficient funds available with PSX Brokers (with NCCPL or CDC in case of NCS or DSS Customers, as the case may be, on trade date) on settlement date to settle such buy trade.
11. After payment of settlement amount, the shares are transferred into CDS account of Customer on settlement day and the Customer becomes the beneficial owner of such shares. Similarly, for sale trades, the Customers must have sufficient shares on settlement date (with NCCPL or CDC in case of NCS or DSS Customers on trade date) to settle such sale trade. After receipt of payment from the buying party, the shares are delivered to the buying party and hence the transaction stands settled.
12. Customers must receive a quarterly account statement from the PSX Broker showing details of cash and securities position as per CDS record and back office record of PSX Broker and reconciliation of any differences therein. However, PSX Broker may provide account statements to Customer as per other frequency stipulated by Customers.

**NOTE: Customers are advised to note that the general securities trade process described above is subject to requirements stipulated in this 'Investor Awareness Guide' and applicable securities rules, regulations, policies, guidelines, circular, notices and procedures etc.**

## CONTACT

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)		
<b>HEAD OFFICE</b>	Securities and Exchange Commission of Pakistan NIC Building, 63 Jinnah Avenue Blue Area, Islamabad – 44000, Pakistan UAN: 051-111-117-327 Web: <a href="http://www.secp.gov.pk">www.secp.gov.pk</a>	
PAKISTAN STOCK EXCHANGE LIMITED (PSX)		
<b>HEAD OFFICE</b>	<b>KARACHI</b>	Stock Exchange Building, Stock Exchange Road, Karachi – 74000, Pakistan UAN: 021-111-001-122 Web: <a href="http://www.psx.com.pk">www.psx.com.pk</a> Info: <a href="mailto:info@psx.com.pk">info@psx.com.pk</a>
<b>REGIONAL OFFICES</b>	<b>LAHORE</b>	LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore – 54000, Pakistan Phone: (92 42) 36316974
	<b>ISLAMABAD</b>	Office # 712-714, 7th Floor, ISE Towers 55-B, Jinnah Avenue, Islamabad, Pakistan Phone: (92 51) 2894500
CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (CDC)		
<b>HEAD OFFICE</b>	CDC House, 99-B, Block B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi – 74400. (92-21) 111-111-500 Call Center: 0800 – 23275 (CDCPL) Overseas Callers: + (9221) 34326038 Web: <a href="http://www.cdcpk.com">www.cdcpk.com</a> Info: <a href="mailto:info@cdcak.com">info@cdcak.com</a>	
NATIONAL CLEARING COMPANY OF PAKISTAN LIMITED (NCCPL)		
<b>HEAD OFFICE</b>	8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road Karachi – 74000, Pakistan UAN: 051-111-111-622 Web: <a href="http://www.nccpl.com.pk">www.nccpl.com.pk</a> Info: <a href="mailto:info@nccpl.com.pk">info@nccpl.com.pk</a>	