



PAKISTAN  
STOCK EXCHANGE  
LIMITED

**AWARENESS AND FEEDBACK SESSION**

**ACCOUNT FACILITATION/ CUSTOMER  
HELP CENTERS**

REGULATORY AFFAIRS DIVISION  
**PAKISTAN STOCK EXCHANGE LIMITED**

**SEPTEMBER 13, 2021**

# OUTLINE OF PRESENTATION

- 1. INTRODUCTION**
- 2. BENEFITS OF CENTER**
- 3. COMPARISON BETWEEN A BRANCH AND CENTER**
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- 6. ACTIVITIES/ OPERATIONS AT CENTER**
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# INTRODUCTION

- As part of its efforts to increase customer base and capital market outreach, PSX explored an idea to allow brokers to open ‘**Account Facilitation/Customer Help Centers**’ (“**Center**”).
- **On June 29, 2021**, PSX notified the Concept Paper, divided into following two parts:
  - Part A:** To allow brokers to open and operate the Centers; and
  - Part B:** To allow brokers to engage sales staff and distribution networks of their Associated/Holding Companies for marketing their business/products.
- PSX vide aforesaid notification solicited comments and feedback of the securities brokers.
- The commenting brokers **supported** the concept and requested for its earliest implementation.
- Keeping in view the positive feedback, PSX proceeded further and drafted the **regulatory framework** for implementation of the above concept.

# INTRODUCTION (CONTINUED)

## **Account Facilitation/ Customer Help Center shall mean:**

- Center opened and maintained by a securities broker, and
- Distribution Network and sales staff of securities brokers' Associated/Holding Companies for marketing of their brokerage business and products, but
- **Does not include** broker's Main Office, Head Office, Office(s) or Branch Office(s).

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

# BENEFITS OF OPENING CENTERS

- A low-cost solution for increasing **capital market outreach**.
- A feasible solution for **enhancing customer base** and thereby attracting **more investments**.
- Presence of securities brokers in scattered and **remote areas** and creating **greater awareness** of securities market business and products among the potential investors.
- **Effective marketing** of brokerage business/products as dedicated staff will be available.
- An speedy and efficient channel of communication for receiving and addressing customer grievances
- Facilitating potential customers by:
  - providing guidance to customers in account opening process/requirements
  - conducting KYC verification checks including allowing biometric of customers at the Center(s)

# DIFFERENCE BETWEEN BRANCH OFFICE AND CENTER

Sr. #	REQUIREMENTS/ACTIVITIES	BRANCH	CENTER
1.	Appointment of Branch Head	YES	<b>NO</b>
2.	Display of Name of Securities Broker	YES	YES
3.	Maintenance of proper books of accounts, records etc.	YES	<b>NO</b>
4.	Installation of Trading Terminals	YES	<b>NO</b>
5.	Facilitating Trading Activities	YES	<b>NO</b>
6.	Investment recommendations/securities advisory	YES	<b>NO</b>
7.	Payments to/from customers	YES	<b>NO</b>
8.	Deployment of Traders/System Operators	YES	<b>NO</b>
9.	Installation of Trading Software	YES	<b>NO</b>
10.	Availability of 'Investors Awareness Guide' Issued by the Exchange	YES	YES
11.	Drop Box Facility for receipt of complaints	YES	YES
12.	Availability of printed brochures relating to marketing material, products and investment procedures	YES	YES
13.	Facilitating customers in account opening procedure	YES	YES
14.	Deployment of properly trained staff for guidance and customer support for filling CRF and Sahulat Form	YES	YES
15.	Biometric verification/ customer verification	YES	YES

# PROPOSED AMENDMENTS TO PSX REGULATIONS

PSX is proposing to introduce a dedicated Chapter 22A titled “**Regulations Governing Opening and Operations of Account Facilitation/Customer Help Centers by Securities Brokers**” in PSX Rulebook.

## THE PROPOSED CHAPTER COVERS THE FOLLOWING AREAS:

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

PSX vide Notice No. PSX/N-1076 dated **September 8, 2021** has invited public to submit their comments on proposed amendments to PSX Regulations relating to this matter latest by **September 17, 2021**.

# PROCEDURE FOR OPENING OF CENTER AND POWERS OF EXCHANGE

- A securities broker may be allowed to open its Center subject to providing the following:
  - ✓ prior intimation to the Exchange;
  - ✓ address of the Center;
  - ✓ a list of employees/representatives to be deployed at the Center including their CNIC numbers, official contact details, qualification and work experience; and
  - ✓ an undertaking on letterhead of the securities broker as per the specimen specified by PSX.
- PSX may **visit** the Center to check the activities performed at such Center;
- PSX may **conduct inspection or investigation** at any time on any matter in relation to requirements of Chapter 22A of PSX Regulations;
- PSX may take **disciplinary action** against any securities broker who is found non-compliant with relevant PSX Regulations.



# ACTIVITIES ALLOWED AND DISALLOWED AT CENTER

## ACTIVITIES ALLOWED:

- ✓ **Facilitating in account opening, including conducting KYC verification check;**
- ✓ **Addressing grievances and complaints; and**
- ✓ **Making available account opening forms, Risk Disclosure Document, Investors Awareness Guide, Tariff Structure and marketing material.**

## ACTIVITIES DISALLOWED:

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

# OBLIGATIONS OF SECURITIES BROKERS W.R.T CENTERS

The securities brokers **must**:

- **Display a board**, containing name of a securities broker and the words “Account Facilitation/ Customer Help Center”;
- Display an updated **list and addresses of all Center(s)**, names and contact details including official email address of employees and Representatives deputed at the Center on broker’s official website;
- Display a **board/standee** at a conspicuous place at the reception of the Center, mentioning the information specified in proposed Regulations;
- Register every person deputed at the Center as ‘employee’ in **NCCPL’s UIN Database**, except the ‘Representatives’ for which the requirements are specified in proposed Regulations;
- Provide relevant **trainings** to the Representatives before engaging them for performing functions;
- Provide **visiting cards** to its employees and Representatives;

# OBLIGATIONS OF SECURITIES BROKERS W.R.T CENTERS

- **Install CCTV** cameras;
- Place **recorded telephone lines** and availability of call recordings;
- Manage and monitor the **internet access** at the Center(s);
- Ensure all communications are through **official e-mail addresses/ letterheads** of the securities broker;
- Submit confirmation to the Exchange by Compliance Officer on **bi-annual basis** that the broker/Center is in compliance with the requirements of Chapter 22A of PSX Regulations
- Notify PSX regarding the **closure of a Center** in advance; and
- Report any case of **non-compliance(s)** with Chapter 22A by the Compliance Officer to the concerned securities broker and PSX.

**THANK YOU**