



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SECURITIES MARKET DIVISION

No.

April 21, 2017

Circular No. 10/2017

**Reporting by Securities Brokers**

This is with reference to Rule 4.17 of the Pakistan Stock Exchange (PSX) Rule Book and the guidelines dated March 16, 2012 issued by the Exchange (the PSX) requiring all Securities Brokers (Brokers) to formulate and implement effective Know Your Customer (KYC) and on-going Customer Due Diligence (CDD) Policies and procedures. .

2. The PSX guidelines stipulates key areas that KYC/CDD policy should cover *inter-alia* the risk assessment, circumstances where Enhanced Due Diligence (EDD) is required and the procedures to be followed. The Guidelines also emphasize that brokers are bound to comply the provision of the AML Act and to provide information concerning their customers and their transactions to the Exchange, Financial Monitoring Unit and the Securities and Exchange Commission of Pakistan (SECP).

3. In this connection, the SECP in exercise of the powers conferred under Section 40(B) of the SECP Act, 1997 read with Section 172 of the Securities Act, 2015 hereby directs all Brokers to access compliance status with the regulatory requirements pertaining to KYC, CDD and EDD, wherein net traded amount (i.e. value bought – value sold) of an investor in a month is equal to or greater than the following thresholds.

Investor Class	Investment Amount (Rs. in million)
Corporate	25.00
Proprietary- Broker	20.00
Individual	5.00

4. Brokers are also required to ensure that in case of non-compliance appropriate action, which include EDD and generation of Suspicious Transaction Report, is initiated and a record of the same is being maintained. Brokers are further required to maintain summary report of the investors having net investment above or equal to the threshold, in format attached as Annexure – I. The same shall be inspected by the Commission and PSX from time to time.

5. PSX is required to ensure dissemination to all the brokers.

  
(Akif Saeed)  
Commissioner (SMD)

Encl: As above

Distribution

1. Chief Executive Officers of all Brokers
2. PSX Notices

