



SECP

SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN

CONSULTATION PAPER

CORPORATE

BRIEFING SESSION



I. Rationale for circulating Consultation Paper

This consultation paper is published for eliciting feedback/suggestions on potential areas of improvement in the the overall conduct of listed companies during the Corporate Briefing Session (CBS) – held in compliance with PSX Regulation 5.7.3. In this realm, this consultation paper is prepared to provide an overview of CBS, international research, and potential areas of improvements to seek comments from the stakeholders. This is an effort to ensure that listed companies hold these sessions in true letter and spirit for offering investors and research analysts a transparent window into the internal workings of the companies.

II. Existing framework of Corporate Briefing Session

PSX Regulation 5.7.3 of PSX Rulebook prescribes every listed company to hold at least one CBS during the financial year for investors and research analysts. The CBS provides an opportunity to gain reliable access to extensive information about a company's business operations, past financial performance, and future outlook. Additionally, it provides an interactive platform where investors and analysts can engage directly with key management to gain clarity on various concerns. It is mandatory for the listed company to invite investors and analysts to participate in CBS. However, the company may invite other participants as it deems appropriate. Existing guidelines and procedures for holding corporate briefing sessions can be accessed from PSX website.

These guidelines primarily focus on the conduct of business before and after the CBS. However, it does not prescribe regulatory requirements to improve the overall conduct of the companies during the CBS under the presumption that listed companies will ensure good conduct on their own. The feedback from research analysts and the Commission's observation denotes that the principle-based approach has not motivated the listed companies to conduct these sessions in the true letter and spirit. Hence, the Commission is deliberating on revamping the CBS regulatory framework based on international best practices. The suggested improvements can be categorized into the following areas:

1. Video and Audio recordings
2. Mandatory Online Participation Optionality
3. Establishment of Centralized Repository
4. Disclosure of CBS
5. Written Transcripts
6. Mechanism for sending questions in advance
7. Feedback Survey
8. Mandatory Presence of CEO and CFO
9. Template of CBS Notice
10. Sufficient time to address Queries of Participants

III. Proposals

The potential areas for improvement in the Corporate Briefing Session along with the rationale based on which these areas have been identified are detailed below:

1. Video and Audio recordings

CBS whether held in physical, virtual or hybrid format must be video recorded with good sound and picture quality. The meeting recordings from all cameras should be professionally edited and converted into a single recording. It shall be ensured that no speech/dialogue is edited out. The source video/audio recordings and the final edited version must be kept safe by the company for a period of at least ten years. The final recordings should be made available on the website of the listed company or a centralized portal immediately after the CBS but not later than the start of the next trading day.

Detailed technical requirements (number and positioning of cameras, audio system, capturing video/screen image of speaker, etc.) for effective audio/video recordings are proposed to be issued by the Exchange. It is recommended that the sound system and display screens must be such that participants joining virtually and physically should be able to clearly hear and see each other.

Rationale

Audio/video recordings of CBS are rarely available post-event for listening/viewing by market participants who could not attend the live session. This creates information asymmetry among those who attended the CBS and those who did not.

In addition to this, online participants typically struggle to hear questions or comments from those attending in person and vice versa. Hence, a prescriptive approach has been adopted to lay out detailed technical requirements.

2. Mandatory Online Participation Optionality

Offering online participation optionality must be mandated for all CBS to ensure wider participation from stakeholders.

Rationale

For facilitation of all the stakeholders, it is essential that online participation is allowed to enable maximum engagement in the CBS.

3. Establishment of Centralized Repository

The video and audio recordings of the CBS shall be placed on the corporate website and PSX data portal for the last ten years. A consolidated CBS calendar may also be featured on PSX data portal.

Rationale

The objective of the proposed centralized repository is to create a one-stop shop for investors to review corporate briefing sessions of multiple listed companies. Further, it will also create a passage of communication between the exchange, listed companies and investors. This is expected to increase the retail investor base and encourage greater participation in the financial markets through widely accessible content.

4. Disclosure of CBS

Disclosure for the number of CBS conducted in a year may be mandated in the Statement of Compliance prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Rationale

A healthy competition will be created among the companies to conduct more than one CBS.

5. Written Transcripts

Written transcript of CBS may be made available on the website of the listed entity within five trading days after the CBS. These transcripts can be efficiently generated using AI-powered tools to ensure cost-effectiveness. An executive summary may also be included as part of the transcripts. Listed companies must archive these transcripts for a period of at least ten years.

Rationale

This requirement will ensure that time constrained investors and analysts are able to skim through the briefing session.

6. Mechanism for sending questions in advance

To facilitate maximum engagement with investors and analysts, listed companies should include a communication channel in the CBS meeting notice for submitting questions in advance. These questions along with the relevant answers should also be presented at the CBS.

Rationale

This will prepare the company to be adequately prepared to address the burning questions about the company's financial results, policies and strategy.

7. Feedback Survey

Listed companies need to be adequately prepared through rehearsing the responses to potential issues or queries that can be raised by investors and analysts. To gauge the preparation of listed companies, a post CBS feedback survey may be conducted. Listed Companies should proactively engage with the participants to obtain feedback and gather their views. The results from this survey should be widely published to highlight the companies that maintain good investor relations.

Rationale

The objective of gathering feedback is to obtain an understanding on how the investors and analysts perceive the company's approach towards minority shareholders. This feedback creates a channel for communication between investors and the company.

Publication of feedback survey results enables the listed companies' board to keep abreast with the opinion of investor/analyst and overall conduct of CBS.

8. Mandatory Presence of CEO or CFO

Presence of the CFO and CEO to be made mandatory.

Rationale

CFOs and CEOs of listed companies are well versed with up-to-date information to adequately respond to the queries of the participants. Therefore, their presence has been mandated.

9. Template of CBS Notice

The CBS notice shall carry detailed information about the upcoming session, including:

- i. Date, time and place of meeting;
- ii. Video link;
- iii. Mechanism for sending questions in advance;
- iv. Contact details of relevant company personnel for any queries regarding the meeting; and
- v. Contact details of relevant PSX/SECP personnel for addressing concerns of investor and analyst.

The notice must be in searchable PDF format to enable investors/analysts to easily interact with the relevant links.

Rationale

This standardized approach will facilitate effective communication between listed companies and participants. Further, including contact details of relevant personnels will ensure that good conduct is observed throughout the CBS.

10. Sufficient time to address Queries of Participants

A sufficient time slot should be allocated for the Q&A session in relation to the overall duration of the CBS, to ensure that nearly all participant questions can be addressed. Emphasis should be placed on thoroughly addressing participants' queries, as CBS serves as an interactive platform and offers analysts and investors a valuable opportunity to gain clarity about the company's affairs and operations.

Rationale

Allocating ample time for the Q&A session is crucial, as it enhances CBS's effectiveness by fostering interaction, clarifying company affairs, and demonstrating transparency. This approach helps analysts and investors gain a clearer understanding, builds trust, and supports informed decision-making.

IV. Format for sharing comments/feedback

Feedback on these proposed areas for improvement along with any other suggestion on the Corporate Briefing Sessions may be sent via email to Policy, Regulation and Development Department (Securities Market Division) at cbs@secp.gov.pk as per below format:

Name			
Name of the related Entity			
Sr. No.	Regulation/Section No.	Views/Proposed Changes	Rationale
Confidentiality			
<i>If you wish to keep all or any part of your submissions and your identity confidential, please indicate the same. In all other cases, your provided comments can be made public, except your contact information.</i>			

V. Indicative Timeline

Stage	Date/Timeline	Detail
1	02-01-2025	Publication of Consultation Paper
2	Within 15 days of publication of Consultation Paper & placement of notification on SECP website	Public comments period
3	Within 30 days of receipt of comments on the Consultation Paper	Consultation on suggestions



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**SECURITIES AND EXCHANGE
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