

**GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

Islamabad, 1st August, 2017

NOTIFICATION

S. R. O. 748 (I)/2017.- In exercise of powers conferred by sub-section (1) of section 169 of the Securities Act, 2015 (Act No. III of 2015), the Securities and Exchange of Pakistan hereby makes the following amendments to the Research Analyst Regulations, 2015, the same having been previously published in the official gazette vide SRO 314(I)/2017, dated May 8, 2017 and also placed on its website as required under sub-section 4 of section 169 of the said Act, namely,-

In the aforesaid Regulations,-

(1) In regulation 2:

- (a) in clause (e), after the word "electronic forum" the expression ", electronic communication and social media communication" shall be inserted;
- (b) in clause (f), for the words "stock exchange registered in Pakistan" the words "securities exchange licensed in Pakistan and includes White-Labeling service providers" shall be substituted;
- (c) in clause (g),-
 - (i) for the word "through" the expression ", prepared by" shall be substituted;
 - (ii) for the words "and includes any other entity associated with the securities markets in any manner, also engaged in the issuance of Research Report and also provides following services" the words " or through White-Labeling services provider, and which is also engaged

in providing the following services for the securities market" shall be substituted; and

- (d) for clause (h), the following shall be substituted, namely:

"(h) "Research Report" includes a written communication, in any form, which includes:

- (i) a Price Target – the fundamental value of a listed security or a public offer derived by the Research Analyst; or
- (ii) a "buy/sell/hold" recommendation or an analysis or opinion concerning a listed security or a public offer; or
- (iii) an analysis of equity securities of a particular sector or industry; or
- (iv) a commentary predicting a specific level or change for an index;

Provided that the following communications shall not be treated as a Research Report and shall not be subject to restrictions imposed under these Regulations, if issued by any person on standalone basis or made part of Research Report:

- (I) comments on general trends in the securities market;
- (II) commentaries on economic, political or market conditions;
- (III) periodic reports or other communications prepared for unit holders of mutual funds or collective investment schemes;
- (IV) internal communications that are not given to current or prospective clients;
- (V) communications that constitute offer documents or prospectus that are circulated under a specific law;
- (VI) statistical summaries of financial data of the companies;
- (VII) general commentary relating to the past performance of a sector or the index; and

(VIII) any other communication which the Commission may specify from time to time.”;

(e) after clause (j) the following new clause (k) shall be inserted as follows, namely,-

“(k) **“White-Labeling service provider”** means such person who prepares Research Reports and sells them to a Research Entity for publication under the Research Entity’s name.”

(2) in regulation 7,-

(a) for sub-regulation (2), the following shall be substituted, namely:-

“(2) The Research Analyst shall ensure that facts in the Research Reports are based on reliable information and the source of such information is disclosed. Further, the Research Analyst shall refrain from predicting the outcome of matters pending before the Court of law or speculating on the basis of possible outcomes of such matters.”; and

(b) after sub-regulation (2) substituted as aforesaid, the following new sub-regulation

(2A) shall be added, namely:-

“(2A) The Research Analyst shall define the terms used in making recommendations and these terms should be used consistently.”;

(3) in regulation 9, after sub-regulation (4) the following new sub-regulation shall be added, namely:-

“(5) In case a Research Entity obtains content of a Research Report from a White-Labeling Service Provider and publishes it under the Research Entity’s name, such

White-Labeling Service Provider shall be treated as a Research Analyst for the purposes of these Regulations and shall be responsible for compliance with these Regulations and shall make all necessary disclosures of any material conflict of interest in such Research Report. Such Research Entity shall also provide disclosures required under these Regulations in the Research Report:

Provided that if such Research Entity makes any alterations in the Research Report prior to its publication, the Research Entity shall be responsible for ensuring compliance with these Regulations in respect of such alteration.”; and

- (4) In regulation 10, for sub-regulation (3), the following shall be substituted, namely:

“(3) Independent Research Analyst, Research Entity and White-Labeling Service Provider shall inform the Commission before commencement of its business for the purposes of record.”

[No.S MCP/SY/8/13]


(Bilal Rasul)
Secretary to the Commission